

APR 18 1939

BUSINESS & INDUSTRIAL
DIARY

Business & Industrial Diary

AND FINANCIAL MANAGEMENT



APRIL
1939

TAX
SURVEY

Page
33

CREDIT
POLICIES

Pages
6-10-13

44th CREDIT
CONGRESS

Pages
18-41-44



ANNOUNCING The Inauguration of a Perfected Credit Service by the National Association of Credit Men

From its beginning, the National Association of Credit Men has fostered and developed the exchange of ledger experience information between creditors. Now it again moves forward by inaugurating a new, more effective, more complete Credit Interchange Service—a Service designed by students of credit and credit problems, men behind the credit desk—men in the Association organization—who know the needs of the credit department—who have studied credit problems and have devised practical methods for their treatment.

Among other improvements, this new Service is designed to prevent fraud losses by discovering and warning creditors immediately the fraud scheme begins and before shipments are made.

It will, for the first time, enable the creditor to treat with the customer who has taken an unearned discount, or who has returned merchandise without approval, or who indulges in any other unfair trade practice, with full knowledge of whether he is or is not a continuous offender.

It will place vital information in the hands of the member at the time when it is of the most value to him; when it will enable him to stop the loss of a valuable customer; when it will enable him to stop a transaction which would result in a credit loss; assist him in handling individual collection problems intelligently and effectively.

IT WILL BE, ABOVE ALL, A CONSTRUCTIVE SERVICE BASED ON THE PRINCIPLE THAT PROFITS START WITH SALES, NOT WITH DECLINED ORDERS.

MEMBER INQUIRY AND REPORTING FORM
CREDIT INTERCHANGE BUREAU, Phone: Jackson, 2480
405 So. 15th St., Omaha, Neb.



Name Date
Trade Style Business
Address (Give Street, City, State, Branches if any, etc.)

WE HAVE FIRST ORDER \$ IF ORDER WAS UNSOLICITED CHECK HERE

WE HAVE REQUEST FOR SAMPLES QUOTATIONS CATALOG

WE HAVE HAD THE FOLLOWING UNSATISFACTORY EXPERIENCE:

- Taking unearned discounts Making unjust claims Countermanded order
- Returning merchandise Checks returned

SEND US REPORTS AS INDICATED BY CHECK BELOW:

SINGLE REPORT AUTOMATIC REVISION REPORTS 4 MOS. 6 MOS.

Our previous experience as follows: Report Dollars Only.

HOW LONG SOLD	DATE OF LAST SALE	HIGHEST CREDIT	AMOUNT OWING PAST DUE (INCLUDE NOTES)	UNFILLED ORDERS	TERMS OF SALE	MANNER OF PAYMENT
						<input type="checkbox"/> Discounts <input type="checkbox"/> Pays When Due <small>Days Slow</small>

Comments:

List references and known sources of supply below:

(Use reverse side for further references)

No.

Reduced Facsimile of New Inquiry and Reporting Form

"\$600 worth of lumber, please



I'm building the house myself

SOME pay more for lumber, some pay less. But we all know the amateur house builder gets an expensive education. The middlemen pay their way in the building field as elsewhere—the architect in planning, the contractor in speed and experience, the building supply dealer in wide stock and prompt service, the skilled workman in craftsmanship that lasts through the years. In fact most home financing is contingent upon good plans, reliable materials and capable supervision.

When the architect, the contractor or the master builder buys insurance from the experienced agent or broker of a stock insurance company he does not say "\$50 worth of insurance please." He asks for and gets the advice and full

services of an expert purchasing agent in the complex insurance field, like himself an expert middleman. No worries about uncovered risks that might wreck a business.

* * *

Because we believe so thoroughly in the services of an expert middleman whether architect, contractor, insurance agent or broker, we refuse to accept business direct because it is not in the interest of the Company or the assured to do so. When *you* buy National Surety Fidelity Bonds, Surety Bonds, Burglary or Forgery Insurance through your local insurance agent or broker, you deal with a customer and friend who is a fellow member and supporter of the American Business System.

● This is a reprint of an advertisement of a stock-insurance company directed to the independent business men in the building field in your city.

NATIONAL SURETY CORPORATION

VINCENT CULLEN, President

When writing to advertisers please mention Credit & Financial Management

Credit

AND FINANCIAL MANAGEMENT

Contents for April, 1939

Dignity of Office.....	Henry H. Heimann.....	4
Streamlined Credit Policy.....	J. M. Buckleuw.....	6
Our Credit Policy Is?.....	Charles L. Slamm.....	10
Credit Policy as a Sales Aid.....	Edward S. Horwitz.....	12
Requisites of a Successful Credit Man.....	I. A. McNabb.....	14
"Rush! New Order!" (Cartoon).....	Maurice Freed.....	15
Recovering Lazy Capital.....	E. A. Pulford.....	16
Host City for Credit Congress—II.....	D. L. Runnels.....	18
Why Not "Floor Plan" Financing?.....	H. B. Holmes.....	23
Thirty-Two Millions at 5%.....	Russell G. Smith.....	26
Parable of Three Credit Men.....	G. C. Klippel.....	29
Members' Bulletin.....		33
News About Credit Matters.....		37
Grand Rapids Committee Chairmen.....		42
Industry Group Programs.....		44
Urge Care in Selection of Truckmen.....		46
Wage Earners Pay Most of Pay-Roll Taxes.....		50
Hire-Purchase Contracts Under British Law.....		51
Forthcoming Biography of Carter H. Glass.....		52
The Business Thermometer.....		53
<i>Manufacturers' Sales, Collections and Accounts Receivable</i>		
<i>Wholesalers' Sales, Collections, Accounts Receivable and Inventories</i>		

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New Insurance Statement

Approved by National Association of Credit Men

INSURANCE STATEMENT

IMPORTANT The insurance you carry has a direct and extremely important bearing on your financial standing. Excellent firms with normally adequate capital resources have had their financial standing seriously impaired or become actually insolvent because they were inadequately insured.

Please give below details of the insurance you carry. This should be useful to you not only because it will help your credit standing but also because it will enable you to review your insurance problem. Your insurance adviser can supply details of most of the information required.

The forms of insurance listed represent those most commonly in force in the average commercial business. It should be clearly and definitely understood, however, that the mere fact of your carrying all these forms does not in itself prove that you are adequately insured. You may need additional forms, or fewer, depending largely on the particular nature of your business. These are points on which you should consult your insurance adviser.

	BUILDINGS	CO-INS %	MACHINERY & FURN. & FIXT.	CO-INS %	MERCHANDISE	CO-INS %	USE & OCCUPANCY	CO-INS %
Fire	\$	%	\$	%	\$	%	\$	%
Windstorm								
Explosion								
Riot								
Sprinkler Leaking								

If your insurance is the "Blanket" type, show total amount followed by the word "Blanket" in the "Buildings" column.

Steam Boiler —	Property Damage	\$	Steam Boiler —	Use & Occupancy	\$
Machinery Breakdown —	"	"	Machinery Breakdown —	"	"
Transportation — Domestic Shipments			Transportation — Ocean Shipments		
Interior Robbery			Payroll Robbery		
Safe Burglary			Stock Burglary		
Fidelity Bonds			Check Forgery		
Public Liability on Premises			Employers' Liability		
Elevator Public Liability			Products Public Liability		
Auto Public Liability (owned cars)			Auto Public Liability (non-owned cars)		
Auto Property Damage (owned cars)			Auto Property Damage (non-owned cars)		
Workmen's Compensation — Are all your employees included?	Yes	No	Life Insurance (Payable to business)		
If you hold property of others is your liability insured?	Yes	No	Does your Public Liability insurance cover construction work done on your premises?	Yes	No
If you have assumed liability of others under any contract such as lease, has your Public Liability policy been extended to cover it?	Yes	No	Have you made sure that all policies covering the same property or liability need alike?	Yes	No
If you carry any other insurance list details below.					
	\$		\$		

Issued to _____ Issued by _____
Address _____ Address _____
Date _____ By _____ (initials)

(Full size of Forms 8½" x 11")

PRICES, POSTPAID

100	\$1.00
250	1.75
500	3.00
1000	5.00
2000	8.50

Now Offered As a Supplement for Financial Statements...

This new form just added to the list of N.A.C.M. Standard Forms is available to Credit Executives who seek full information on the insurance protection carried by their regular customers.

The adoption of this new form by the National Publications Committee came as a response to the request by many credit executives for a means of checking and recording the protection provided as a "back-stop for credit."

It is designed to be used as a supplement for Financial Statements.

Most Banks Require Full Information About the Insurance Protection Back of the Loans They Make. Creditors Should Have the Same Information About Their Customers.

Samples Will Be Sent Upon Request.

Forms Department

National Association of Credit Men

One Park Avenue

New York City

When writing to advertisers please mention Credit & Financial Management

Dignity of Office

SWhat this nation needs is a revival of the dignity of office. This respect must issue from our citizenry, our press, our business leaders and our administrative officials. For the intangible thing called "dignity of office" has great weight towards the establishment of decency of government.

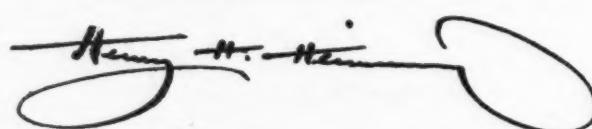
Time was when respect for public office was considered some fair measure of compensation for public service. Was it mere coincidence that statesmanship was a more common quality of public service in those days? Dignity of office is evidently not so highly evaluated in this modern age and, correspondingly, many believe that, because of its lack, we have witnessed a growing compromise in the attitude towards public service.

It is disheartening to see public office entered into essentially as a training school or used as a medium for promoting careers after government service ends. Some of the responsibility for this practice must be shared by business leaders. If business is willing to compensate lavishly, frequently out of proportion to capacity, because of supposed influence or contacts, then we can expect a continuation of a rather constant turnover in public service. A conception of public service mainly as a means of furthering careers outside of government can, and oftentimes does, engender poor administration.

While some of the responsibility for this attitude rests upon past business actions, the solution for the problem can be largely within the control of the general public. We must, for one thing, encourage a program of better compensation for the large majority of public service officials whose salaries, in general, do not provide proper compensation for the responsibility and the ability required of the office-holder.

Higher individual compensation might well insure a *lower total cost* by reason of increased efficiency, a reduction in total personnel as the result of such increasing efficiency, elimination of continuous turnover, and the attraction of more capable individuals into public work.

So doing we may be able to restore dignity of office, develop greater statesmanship and thereby stimulate a sounder solution of the many serious problems that confront us.



Executive Manager, N.A.C.M.



from Here to Ear

THE SHORTEST DISTANCE IS LONG DISTANCE

You have a message. You want an ear. It's miles away, with millions of other ears in between. But Long Distance will deliver your message quickly right to the ear you want to reach—and bring back an answer.

When you want *personal* news from far-away relatives and friends . . . when you need *immediate* information on business problems . . . turn to your telephone. It's *direct*. It's *fast*. It's *inexpensive*. Look in the front of your telephone directory and see how *low* the rates really are. Then

name the number and the EAR
is HERE!



When writing to advertisers please mention Credit & Financial Management

Streamlined Credit Policy

Well Organized Plan That Expedites Orders

By J. M. Bucklew, General Credit Manager, Talon, Inc., Meadville, Pa.

There are several good books available to credit men, any one of which will give you technical ideas far better than I am able to offer. However, I hope that I may be successful in giving you a few practical ideas which you will not find in textbooks, ideas which are based upon a phase of human psychology which has been given very little emphasis in our business progress.

In my opinion, successful collections depend upon (1) insistence upon strict adherence to terms of sale, (2) equal treatment of customers, (3) efficient departmental collection machinery, (4) personalized correspondence, (5) cultivation of customer friendships, (6) all available information in regard to your customers' affairs, and (7) personal calls by credit representatives.

Two Parties to Every Contract

In every contract there must be performance by both parties. When your salesman solicits an order, he guarantees to deliver merchandise as per sample, at a definite price and on a definite date. In return, the customer promises to pay the contract price on a certain date, in accordance with the terms of sale, in return for which performance he may be offered a cash discount. If you do not deliver merchandise which measures up to the standard represented by the salesman at the time of the sale, you are willing to make good by replacing the merchandise with the quality promised or make an allowance which will reimburse the customer for the expense to which he was subjected because of sub-standard merchandise.

In return for this performance on your part, you should not tolerate the payment of the invoice after the discount date and permit the customer to deduct a discount. On the occasion of the first offense, it is absolutely necessary that the customer be educated to realize that you expect your money on time or the discount privilege is lost. In our company we are very strict about close adherence to our terms of sale. But it is not an easy matter, for we know full well that there are dozens of companies, and especially in the woolen field, who make shipments early in the Spring, and in addition to terms of 2% 60, plus 60 extra, they grant certain datings. In other words, shipments made during February and March may be dated as of September 1 on terms of 2% 60, plus 60 extra. Needless to say, these terms are economically unsound, for even in the men's clothing industry, the conversion of inventories to receivables and subsequent

conversion into cash should be effected by October 1 for the fall selling season.

Evils of Anticipation

In most cases, the request for dating an additional time is to enable financially strong companies to anticipate. At the present time, sizable loans may be obtained from banks on the basis of 1½ and 2% interest, while anticipated payments are made at the rate of 6% per annum. Obviously, this is a very profitable activity, and in my opinion, has nothing whatever to do with the manufacture of men's clothing. Which brings us to point No. 2.

Equal treatment of customers—no discrimination. It is entirely unfair to permit certain customers to pay invoices from fifteen to thirty days after the discount date and still take advantage of the discount privilege, while other customers who have been on your books for years have always maintained the good habit of paying promptly on the discount date. No doubt many of you have the mental reservation that our company is in a position to insist upon strict adherence to terms because of the position we occupy in our field. Although we do manufacture a majority of the slide fasteners used in the United States we have plenty of competition. This competitive situation is extremely healthy, for there is no doubt that "competition is the life of trade."

Our competitors offer datings and extra time, and in some cases additional discounts, but during the entire forty years of our existence we have not deviated from our policy of strict adherence to terms of sale. Many of our customers have requested additional time, and most of these customers are in a position to execute the fabrication process without the additional accommodation.

Argument Against Special Terms

In such cases, we use the following argument:

"Mr. Customer, you have a very fine plant here. The working conditions are good, but it stands to reason that the overhead in a plant such as you are maintaining is nothing to be considered lightly. Mr. Customer, I visited the factory of a competitor of yours, whose entire plant was no larger than this showroom. As a matter of fact, the space was formerly an apartment in the basement of a building. Now that your competitor is using it as a factory, he is doing his cutting in the kitchen, the assembling in the dining room, and the finished goods are stored in the living room. His raw materials are kept

in the former bedroom, and most of the lavatory is used for the storing of trimmings, including slide fasteners. The monthly rental is \$15.00. I don't blame you for smiling, Mr. Customer, but the serious effect on you is just this; it just so happens that this competitor of yours came from Russia, as you did, the place from which most of our good leather and fur craftsmen have come, and for the life of me, I cannot tell the difference between the leather cases which he manufactures and the cases which are now lying on your sample table here in this room. I do not mean to belittle your merchandise, but you will agree that it is possible for more than one man to make good leather cases. Now here is the pathetic part. Your competitor takes his finished articles to your customers and offers them to him at a price lower than you can afford to place on your merchandise. His ability to undersell you is obvious, and your customers are interested, and they buy from him. Now remember, Mr. Customer, your competitor has also requested that we give him an extra thirty or sixty days for the payment of his bills. We have always maintained a policy of equal treatment of all of our customers. We do not countenance discriminations. We do not share the cost of our customers' advertising, nor do we make price concessions for quantity purchases. By the same token, if we were to allow *you* the extra time which you have requested, we would most certainly carry out our policy of equal treatment to all customers and offer your little competitor, whom we have just been discussing, the same privilege. Now please answer my next question frankly. Do you want us to grant your hundreds of small competitors additional time which will enable them to compete against you to an even greater extent than they are now able?"

No Concessions Wanted

In no case where we have asked that question of a customer who has requested extra concessions has he answered in anything but the negative. Neither does he ever raise the question again.

In order to streamline collections, it is absolutely necessary that the credit department collection machinery be as efficient as possible. At the present time, we have approximately thirty-seven thousand accounts. During the course of a month, about sixty-five hundred of these accounts are active and our monthly accounts receivable trial balance carries around five thousand items. We sell to two hundred different industries, fifty of which are important to us and eighteen are of major importance.

In most companies it is the Credit Manager's problem to be thoroughly acquainted with the manufacturing costs, overhead expenses, current market of raw materials, etc., pertaining to a few lines of industry. In my former connection, as Credit Manager of a cotton goods manufacturer and wholesaler, it was necessary that I be thor-

oughly acquainted with credit standings of department stores and a small group of jobbers. However, in our company the credit men must be thoroughly acquainted with conditions in the eighteen principal industries and in addition possess a fairly good knowledge of conditions in the remaining 182 lines of business.

Set-up of Department Work

Our credit organization consists of two district collection managers and their assistants, located in Boston and New York, two assistant credit managers located at our home office in Meadville, Pennsylvania, three cashiers, three machine bookkeepers, two reference clerks, two file clerks and one young accountant whose duty is to draw off the monthly trial balance. In addition there are three order approvers and one analyst who is charged with the responsibility of making complete comparative statement analyses of all accounts with credit limits over \$1000.00 and all past due accounts.

Like the weather everybody talks about taxes but few do anything. But shortly you and all other N.A.C.M. members will have the opportunity to begin doing something about taxation.

For full details of the Association's Tax Survey turn to the opening page of the Members' Bulletin which is on page 33 of this issue. Your cooperation is essential to the further activity of the Special Taxation Committee of the N.A.C.M.

which means that they serve as a check on the district collection offices in the event that they overlook the collection of certain items. Each month we collect between 95% and 98% of our previous month's balance, which record has been uniformly maintained for over ten years.

Credit Manual for Salesmen

We also use a little booklet entitled "Credit and Collection Manual for Salesmen," which we have prepared for the information and guidance of the members of our sales staff. Our salesmen, numbering about two hundred, are a very cooperative bunch of fellows and they have always tried to assist the credit department in every possible way. However, there have been a number of cases where a salesman's lack of knowledge of credit problems and procedure has precipitated some rather difficult situations. Accordingly, our Credit Department issued this little pamphlet for the use of salesmen in which such matters as correspondence, credit limits, datings and extensions, financial statement forms, guarantees, new accounts, orders held for credit reasons, personal calls by credit men, and terms of sale are discussed at length.

Following is the foreword of the pamphlet which

quickly and forcefully brings out to the salesmen the general purpose of the booklet:

"The purpose of this manual is to acquaint the salesmen with a few of the fundamentals of credit science, and to encourage closer cooperation between the salesmen and the credit men.

"Throughout the reading of this manual, please keep your mind firmly focused on the fact that no sale is consummated until the customer pays for the fasteners delivered.

"Further, every dollar lost on a bad debt, like lost sleep, can never be recovered.

"With both of these thoughts before you, there should be a sincere appreciation of the fact that your credit department is vitally interested in the successful completion of sales, and it is willing to lend any cooperation which will be in accord with the credit policies established by the management.

"No salesman is to feel under any obligation or compulsion to gather and relay the information suggested in the pages to follow, but merely an optional activity resulting in a benefit, not only to the individual salesman or credit man, but the entire organization."

Cost of Manual Justified

Since we published this booklet there has been a decided decrease in the number of embarrassing situations brought about by a salesman's inherent desire to "smooth down" the customer who is disturbed by some credit situation. I heartily recommend to any of you who are located with a company of sufficient size to justify the time and cost (not large) of publishing a booklet such as this, that you do so, for it will pay for itself many times over.

In the last analysis collections may be streamlined only by use of the telephone and telegraph, wearing out plenty of shoe leather, and by constant correspondence.

We do not permit the use of form letters. While I realize that there are many accounts on our past due list who may be written the same type of collection letter, we insist upon personalized correspondence as far as possible. The correspondents have easy access to our files and there is no excuse, in my estimation for "canned" letters. The correspondents are instructed to refer to the agency reports and miscellaneous information which may be supplied by salesmen, to determine if possible the age, nationality, character and habits, both payment and moral, of the person to whom the correspondence is to be directed. I am not going to attempt to tell you how to write collection letters, for they are different for every industry, and for every customer in every industry, so the chances are ten to one that the remarks which I would make would not fit your situation at all.

Monthly Rating Analysis

If the sales manager of your company made a statement that your record of losses is extremely low because you are afraid to take a chance, could you justify your action over a period of the preceding months or even years? In addition to the credit department's monthly report which I will describe briefly, we prepare what we term a rating analysis. This analysis is made every three months by inserting in the monthly trial balance the rating and terms of each account. We then group the var-

(The following chapter from the Talon Credit Manual for Salesmen deals with New Accounts)

NEW ACCOUNTS

The Salesman is in an unique position to obtain valuable information which is not available through the usual credit channels. Much of this information may be gathered from observation, while the remainder usually requires direct questions. In this connection, it is suggested that the Salesman refer to the Dun & Bradstreet Reference Book, a copy of which is in each branch office as well as the home office, before making a call on a prospective customer. If the rating, as shown by the key to ratings on the inside front cover, indicates that the prospect falls in either a "high" or "good" classification, it might be superfluous to attempt to obtain additional information.

However, the following data will materially assist the Credit Department, in arriving at a quicker and more intelligent decision:

- Who are the officers?
- What competition do they have?
- Who are their other suppliers?
- Capacity of plant (In dozens per week)
- Proportion TALON-equipped?
- How many fasteners would be required to cover their monthly production?
- Number of employees in the factory.
- Maximum
- Minimum
- Estimated present value of merchandise inventory.
- Condition of stock.
- What kind and how much insurance do they carry?
- Are they willing to give us a financial statement if we keep it confidential?
- Was a financial statement blank left with them? Shall we send one?
- Does the place of business appear to be Neat? (), Properly conducted (), Disorderly ().
- Is your general impression of the place of business

.....

- Good? Fair? Poor?
- Is their principal line seasonal?
If so, indicate season (s).
- Is any effort made to keep the plant busy on some other line during a slack period?
- To what class of trade do they sell?
- Terms applied to their sales?
- To whom did you talk and what is your general impression of the person?

As previously stated, the Credit Department does not expect you to ask all of these questions, but the above information is the type of data which will help to determine the status of the prospect as a credit risk.

At one time, all applicants for credit were thoroughly investigated before any shipments were made, but this procedure resulted in some hard feelings for the reason that there are many financially strong firms, who, for personal reasons, have refused to give Mercantile Agencies any information regarding their affairs. In an effort to avoid "treading on the toes" of such firms, the Credit Department has followed a practice for a number of years, of shipping all first orders valued at less than \$50.00 without completing the credit investigations, unless, of course, we come into possession of decidedly adverse information, in which case the first order will no doubt be shipped on a C. O. D. basis. If the Salesman has determined in advance, by referring to the Dun & Bradstreet book, that the prospective customer has a third or fourth rating, the obvious question to ask is whether he will accept the fasteners if shipped C. O. D.

In most cases new accounts are opened on either Regular or Preferred terms, both of which will be discussed later.

EXHIBIT 5-A
ANALYSIS OF ACCOUNTS RECEIVABLE
CLASS OF RISK
DECEMBER 31, 1938

AMOUNTS

PECUNIARY STRENGTH	TOTAL	CLASS OF RISK			
		FIRST	SECOND	THIRD	FOURTH
Over \$1,000,000	\$1,000,000				
\$750,000	1,000,000				
500,000	750,000				
300,000	500,000				
200,000	300,000				
125,000	200,000				
75,000	125,000				
50,000	75,000				
35,000	50,000				
20,000	35,000				
10,000	20,000				
5,000	10,000				
3,000	5,000				
2,000	3,000				
1,000	2,000				
500	1,000				
Less than 500	500				
Blank					
Not Listed					
Not Rated					
Total					

PERCENTAGES

PECUNIARY STRENGTH	TOTAL	CLASS OF RISK			
		FIRST	SECOND	THIRD	FOURTH
Over \$1,000,000	\$1,000,000				
\$750,000	1,000,000				
500,000	750,000				
300,000	500,000				
200,000	300,000				
125,000	200,000				
75,000	125,000				
50,000	75,000				
35,000	50,000				
20,000	35,000				
10,000	20,000				
5,000	10,000				
3,000	5,000				
2,000	3,000				
1,000	2,000				
500	1,000				
Less than 500	500				
Blank					
Not Listed					
Not Rated					
Total					

NUMBER OF ACCOUNTS

PECUNIARY STRENGTH	TOTAL	CLASS OF RISK			
		FIRST	SECOND	THIRD	FOURTH
Over \$1,000,000	\$1,000,000				
\$750,000	1,000,000				
500,000	750,000				
300,000	500,000				
200,000	300,000				
125,000	200,000				
75,000	125,000				
50,000	75,000				
35,000	50,000				
20,000	35,000				
10,000	20,000				
5,000	10,000				
3,000	5,000				
2,000	3,000				
1,000	2,000				
500	1,000				
Less than 500	500				
Blank					
Not Listed					
Not Rated					
Total					

PERCENTAGES

PECUNIARY STRENGTH	TOTAL	CLASS OF RISK			
		FIRST	SECOND	THIRD	FOURTH
Over \$1,000,000	\$1,000,000				
\$750,000	1,000,000				
500,000	750,000				
300,000	500,000				
200,000	300,000				
125,000	200,000				
75,000	125,000				
50,000	75,000				
35,000	50,000				
20,000	35,000				
10,000	20,000				
5,000	10,000				
3,000	5,000				
2,000	3,000				
1,000	2,000				
500	1,000				
Less than 500	500				
Blank					
Not Listed					
Not Rated					
Total					

COMPARISON OF AMOUNTS, NUMBER OF ACCOUNTS AND THEIR PERCENTAGE

VALUABLES INVOLVED	TOTAL	CLASS OF RISK			
		FIRST	SECOND	THIRD	FOURTH
Ammunition					
Dec. 31, 1938					
Dec. 31, 1938					
June 30, 1938					
March 31, 1938					
Dec. 31, 1937					
Average					
Firearms					
Dec. 31, 1938					
Sept. 30, 1938					
June 30, 1938					
March 31, 1938					
Dec. 31, 1937					
Average					
Valuables					
Dec. 31, 1938					
Sept. 30, 1938					
June 30, 1938					
March 31, 1938					
Dec. 31, 1937					
Average					
Current					
Dec. 31, 1938					
Sept. 30, 1938					
June 30, 1938					
March 31, 1938					
Dec. 31, 1937					
Average					

ious balances according to agency ratings and prepare exhibits based on dollar volume and numbers of accounts falling within the first, second, third, and fourth pay ratings. In addition to the payment classification, we group them according to the capital strength indicated by the rating.

In this way, we are able to show, at least four times a year, the dollar volume and numbers of accounts falling within the third and fourth payment classifications. The rating analysis further enables us to break down the balances for \$100.00 or less according to \$10.00 units, such as the total number of accounts and their value between \$90.00 and \$100.00, \$80.00 and \$90.00, etc.

Monthly General Report

In addition to our rating analysis, we submit a monthly report in which we comment on the unusual items in our past due list and from time to time we compare our own collection records with general collection conditions throughout the country. As a part of this report, we show the losses for the month according to the various industries in which they were incurred. The monthly reports contain an estimate of the amount of money we expect to collect during the subsequent month. In addition we show the percentage of reduction of the previous month's balance and the aging as compared with last month and the same month last year. Further, we show a comparison of the past due accounts on a percentage basis. The text of the monthly report contains the total number of new accounts submitted for our approval and records the accounts which were rejected and the reasons.

For a number of years we have made a practice of presenting accounts to attorneys for collection sixty days after the maturity date. Because of the systematic and effective follow-up we have on past due accounts, we have found that accounts which are allowed to run ninety and one hundred and twenty days usually result in a dead loss to us, while presentation after sixty days invariably results in a fairly sizable recovery.

Most of the local associations of the National Association of Credit Men operate collection divisions, and I know of no better agencies for the collection of accounts than these. However, although local associations are not permitted to select an attorney, they are privileged to suggest the names of several good attorneys who may represent you. I suggest that you refer to your local secretary whenever you are endeavoring to find a competent attorney to handle your account.

ACCOUNTS RECEIVABLE

As of January 31, 1939

REDUCTION OF BALANCES

DECEMBER	JANUARY	REDUCTION	
		AMOUNT	PERCENT
NOVEMBER			
OCTOBER			
SEPTEMBER			
AUGUST and prior			

Average - Year to date
Last year

COMPARATIVE AGING

DAYS OVERDUE	THIS MONTH	LAST MONTH	SAME MONTH LAST YEAR	
			AMOUNT	PERCENT
Current				
Less than 30				
Less than 60				
Less than 90				
Less than 120				
Less than 150				

Our Credit Policy Is ? ?

Could Everyone in Your Company Give the Answer

By Charles L. Stamm, Dine-De Wees Company, Canton, Ohio.

STM The credit man is usually caught in the middle because he sometimes tries to operate without policy. Before any firm attempts to operate an extensive credit business such a policy should be formulated. It must fit the particular type of business for which it is intended and should be flexible enough to serve the best interests of both the sales department and the management. It must also serve to keep the credit department in the clear and enable this department to function properly without fear of incurring the enmity and disfavor of the sales department.

To accomplish this the sales department should know that such a policy is in existence and should understand that it is fully supported by the management. The personnel of the firm should be familiar with the provisions of this credit policy and the results which the firm expects from such regulations.

Sales Department Can Help

Very often the sales department can render invaluable service in helping establish such a policy and if called upon to assist in doing this will very likely understand the benefits to all concerned in having in force such regulations especially if the credit department is progressive enough to continue to cooperate in every way with the sales department. The regulations which are to serve to guide the credit department in handling credit problems should also be changed from time to time to meet new issues and new conditions in the trade. It is just as necessary for the credit department to have new plans of action from time to time as it is for the sales department to develop new and appropriate sales campaigns. I would recommend that every credit manager who is trying to operate without such a background proceed at once to build it with the help of the management and sales department. This action is sure to win the confidence of both.

Since there is really a close relationship between credit and sales in any firm whose major business is done on a credit basis, there must be developed a close sympathy between these two departments. The credit manager must be sales minded and the sales department must be credit minded. If the right attitude is developed, the credit manager should be just as much interested in seeing an order shipped as the manager of sales. Truly every order should be taken seriously. It is the result of

real effort on the part of the sales department and even if not shipped represents some investment of the firm's money and as such merits the very careful consideration of the credit department.



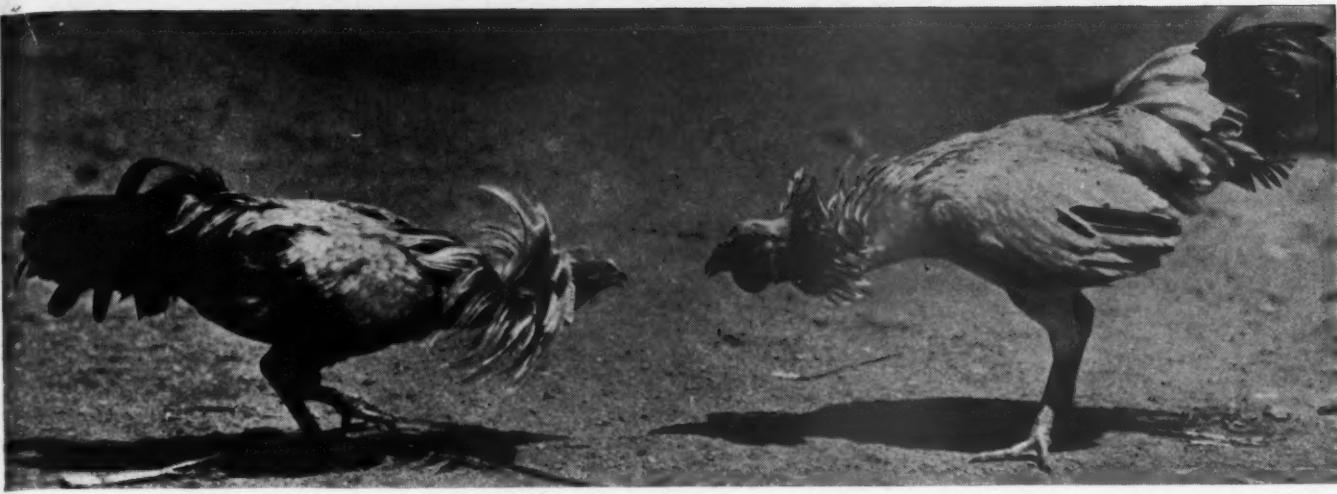
Must Be Interested in Sales

Of course continued compatibility between the two departments in a business must be fostered by good will. I think the credit department has unlimited opportunity to build this good will by demonstrating always that he is interested in the sales volume. How can he do this? First—By becoming familiar with the problems of the entire organization. Second—By using every possible means to promote business by building good will in the trade. Third—By working in close cooperation with the sales department on new sales campaigns. Fourth—By suggesting ways and means to develop sales volume through the medium of credit. Fifth—By attending sales meetings whenever possible and being able to discuss credit problems at such meetings.

I believe salesmen should be kept posted at all times as to the status of all of his customers. This can be done by having the accounting department furnish to him copies of invoices, copies of statements, etc. Copies of letters written by the credit department to any account should also be supplied to the salesmen. This can be done with very little special effort and expense. Impossible orders will not likely be received through salesmen if this procedure is followed. Salesmen should also be familiar with credit limits as they apply to his customers. Of course this is information of a highly confidential nature and the salesmen should know how to use it properly.

Good Reason for Rejecting Orders

Guess work should not be employed in accepting or rejecting orders. If orders are shipped, there must be good reason for such shipment, and if orders are rejected there must be equally good reason for non-shipment. This means that the credit manager to be successful must be fortified with full and complete information regarding each customer on the books. This information should also be properly filed so that he will easily be able to refer to it from time to time. Simply to assume an arbitrary attitude without proper reasons is not sufficient and



There is no need for a bowing of necks or a ruffling of feathers between any departments in a going business. The old saying — "Lack of Understanding is the Cause of All Misunderstandings" — certainly applies to the contacts between the credit department and the other departments in a business.

will not satisfy the sales department. Not only should the credit man have reports and statements on file but he should also supplement this information with oral or written reports from the salesmen. I have found that asking a salesman for this type of information is sure to make him credit conscious and be good training for him invariably resulting in building in the salesman more efficiency and a closer interest in the firm's business. Many times it is necessary for the credit department to supplement this data by making personal calls. Whenever this is possible it should be done. Such calls must be friendly in nature and in this way good will may be established.

I believe that every letter or collection contact to a desirable customer should bear a sales message of some kind. This sort of procedure is sure to win the good will of the salesmen and the sales department.

Credit Survey As An Aid

Economy of operation should be the watchword in any business. It would naturally follow that there could be no economy in operation without proper direction from a credit standpoint of the efforts of the sales department. New sales campaigns should be preceded by a credit survey to determine proper outlets. Efforts of a sales department to promote business and secure orders which cannot be shipped for credit reasons will not build sales volume or contribute to profit so why not direct your efforts along the lines which will build permanent and desirable customers?

This is especially true with lines of merchandise which are restricted to a limited number of dealers in any area. Why close a territory on any product with the customer who is not able to properly handle the line and secure the necessary volume when there are other dealers of the same kind, one or more of whom could be sold and with proper handling secure all or nearly all of the potential business in such an area? The credit man can be exceedingly valuable to the sales department by making his services fit into the sales campaign when such campaign is being formulated and by the same token can be the source of much disturbance if he elects to operate only as a censor of business after the efforts and expense of securing such business is expended. To retain the confidence of

the sales department the credit man must advise with them frequently on all such topics.

Must Know His Line

A credit man should be student of the business he is in. He should know what sells and should know what lines turn rapidly. When it is necessary to restrict shipment, to keep accounts within certain credit limits, he can intelligently modify orders and ship the items which are most likely to serve the best interests of the customer and the house. Such limitation of shipment should be taken up with the sales department and information should be passed on to the customer in a diplomatic manner so that he will feel that he is being handled properly. A customer who is properly approached will appreciate the efforts of any firm in assisting to increase turnover and stabilize his business. He must be made to understand that such action is for his benefit. Such co-operation between the departments is sure to result in a more healthy operation, and volume will be stimulated.

Last of all the credit man must remove the chip from his shoulder if he wishes to get along. Friendliness will go a long way in winning the cooperation of the salesmen and the sales manager. His interests must be for more and better business, and if this is known, he will be able to be kept from being caught in the middle. Both the sales department and the management will find him an invaluable aid in securing volume of profitable business.

Editor's Note: The articles appearing on Pages 6, 10 and 12 in this issue present the views on credit policy in three large corporations in different fields. Perhaps some of our readers have other ideas on this basic principle of the functioning of the credit department—policy—which might be added to the thoughts presented here. As shown by these three credit executives, the credit policy is just as important as the sales policy. But is it as well understood by each and every person in the business as is the sales policy? We shall be glad to hear from other credit executives so that we may continue this very important discussion.

Credit Policy as a Sales Aid

Many Ways to Build Business Good-Will

By Edward S. Horwitz, Credit Manager, The Charles Meis Shoe Mfg. Co., Cincinnati, Ohio.

SMr. Creditman—If you think that all your duties consist of investigating and O.K.ing orders and collecting the bill when due, you are badly mistaken.

If you believe that the only cooperation required of you in the matter of increasing sales is to treat your customers with courtesy, you are not only mistaken again, but unfair both to your house and yourself; unfair to your house, because you are depriving it of a substantial portion of the service you are capable of rendering, and unfair to yourself because you are impairing your usefulness to your employer, and impeding your own progress.

You ask and expect cooperation from your salesmen. You do so on the theory that it will result in profit to the house and satisfaction to the customer, and you are right. But do you realize that it is equally important that you cooperate with the sales department, that there are many things you can do to help increase sales. Suppose you let me pull up a chair and sit beside you while you perform the day's tasks, and make suggestions as you go along. O.K.? Well then, let's get going.

Why Not Sell the 8 Stores?

First, you start working the mail, sorting the checks, orders, complaints, excuses for non-payment, etc. What's this, I see? A letter from John Smith & Co., of so-and-so; seems to be a substantial merchant. You say he is. That's fine. According to his letterhead, he has eight stores. Seems to me he should be a big account with you. You say he doesn't buy much, and you only ship to one of his stores? Well, why don't you go after his business. Surely it's worth while. You say you are the creditman, and that's the business of the sales department? Well, brother, you have entirely the wrong slant on the situation, and you are only half right.

Let me tell you one thing. No employee, from the top to the bottom, has the right to go through his day's work, doing only strictly that which falls into his province, and shutting his eyes to everything else. If you learn anything that pertains to another department, that can operate to the firm's advantage if attended to, it is your duty to either do it yourself, if that is not contrary to your firm's policy, or else refer it to the proper party.

In a case such as that cited above, whether you sell by mail or by salesman, or both, every store listed on that letterhead should be placed on your regular mailing list, to receive all your catalogs and mailing pieces. Many

branch stores are permitted to do their own purchasing, and even if you solicit some who cannot, they will at least see what you have to offer, and if interested, will ask their main office to buy it. And if you sell by salesmen, this will be a big help to them.

Pat-on-the-Back Pleases

Now let's go ahead with the day's work. I see you have an inquiry about your products, that you have just laid aside. What are you going to do with that? Turn it over to your sales manager, you say. Aren't you going to talk to him about it? You say that's his business, and he'll attend to it? Well, here's another case of wrong psychology, and lack of cooperation. Why not look up his rating, and if it

is good, write him a nice letter, thanking him for the inquiry, telling him that it is being referred to the sales department for immediate attention, and that his order when received will have immediate attention, as his credit has already been approved. Don't you think such a letter will double your chances of getting an order? I do. Every man, no matter how big, likes to be flattered, and flattery, used judiciously, is the best result getter.

Now, I notice a letter you have just opened. The customer says the bill was not yet due, as you failed to give him dating, but he encloses a check, and says he is not going to argue about it. What are you going to do about it? You say, nothing, because he has paid the bill, and what's the use of wasting time in letter-writing. Well, I would say you are wrong. Why not really explain to the customer that with hundreds of transactions every day, it is only human that mistakes will sometimes creep into the day's business, in spite of all precautions to the contrary. This attention and explanation will soothe his ruffled feelings, retain his good-will, and make it much easier for you to handle him should anything go amiss with his account in the future.

Why Not Do Something About It?

Let's keep going. I see you are O.K.ing an order for



a man rated F3½. Do you ship off-rated accounts to any considerable degree? You say, not to any large extent, but this man is O.K., and is really entitled to a better rating, anyhow. Well, why doesn't he get it? You answer, how should you know?

Well brother, you should know. Moreover, it's your business to know. You are guilty of a serious injustice to your customer and to your employer, if you don't do something about it. It is often difficult for a customer to get the proper rating from a mercantile agency. I say this with all due respect to and without any disparagement of the agencies, for personally I have always found them fair and just. But so many customers do not know how to go about it and then they are biased and interested in the result. How much better and easier is it for a wholesaler who has no axe to grind, to see that cases of injustice in ratings toward customers are corrected? It is not necessary for the credit man to go out of his way. As he goes through his credit files and reads his customers' financial statements, and notes trade clearances and replies to credit inquiries, he can subconsciously detect any injustice in ratings. It should then be his duty to write the agency, noting his observations and giving his reasons.

An Aid to Good Will

If capital rating is involved, the agency should be shown where the injustice lies, and furnished with a financial statement by the customer, at the wholesaler's suggestion, if the agency does not already have one. If method of payment is in question, the credit man should give his experience, and the names of other references, for clearance.

Do you stop to realize how this procedure on your part will earn the customer's respect and gratitude, and really redound to your firm's advantage? I don't mean that you should set yourself up as the judge and criterion of agency ratings, but I do mean that you should attack serious cases of injustice when you see them. Everybody will thank you for it, even the agencies, for their existence and growth both depend on the accuracy of the information they furnish. If you have a customer who has been in business for several years, and your individual inquiries and your credit interchange report show him to be paying promptly or discounting, and he is rated let us say F3½ or G4, you know there is something wrong that needs correction. Incidentally, when you ask for a credit interchange report, always give all the references you have in your credit file, so that the clearance may be as complete and accurate as possible. Now back to the rating. The men who fix them are only human, and as susceptible to error as you or I. One striking case comes to mind where the customer made a very good statement, that was very poorly analyzed by the agency and a blank rating given. Upon attention being drawn to the faulty logic, the rating of C1½ was promptly substituted without any argument.



Does Your Credit Policy Make You a Half-Back on Your Business Team?

How About Inactive Accounts?

Now, let us continue with the day's work. As you go through your ledger looking up the standing of accounts from whom you have orders, I notice numerous sheets of well-rated customers who have not purchased for some time. What are you doing about regaining their patronage? Nothing, you say, and that is the business of the sales department. Maybe so. But unless your sales department maintains a sales record of accounts, which few do, there is no reason why you cannot induce the sales manager to draw up a special letter appropriate to such cases, and from time to time refer to him such inactive ledger sheets for attention. An inconspicuous check mark on the corner of the sheet can indicate that a sales letter has been sent, and if the necessary help is available, a card index for follow up can be maintained on these accounts.

I note that you are opening a new account, and marking it appropriately, "New Account. Fill Carefully," also that you are inserting the rating and credit limit for the ledger sheet, all of which is proper. But do you remember to write the salesman immediately that the order has been O.K'd, giving him a credit limit, so that he can handle the account intelligently, and increase or restrict his solicitation accordingly. Of course the salesman will receive a copy of the shipment later, but he should be posted immediately. And furthermore, it will not show any limit anyhow. It is always best to write the salesman as soon as the order has been O.K'd., and have a copy in your credit file.

Check Mailing List Carefully

Another thing of prime importance is the mailing list. Say what you will, the man responsible for its accuracy is the credit man. He should be the judge of what goes on it, and what should be taken off. All new accounts should of course automatically go on it, and all deceased, declined, bankrupt and out of business accounts should be taken off. An exception may be made in the case of declined accounts who are likely to buy for cash. Prospects should be approved by the creditman before being placed on the list, as he is the man who will be called upon to O.K. the order.

In opening new accounts, arrangements should be made

for either the sales or credit department to write the customer a nice letter of thanks, expressing appreciation of the business, offering him service and the benefit of your experience and advice on all sales problems, etc. The salesman should receive a copy, or at least a memorandum, showing that this has been done. For the customer, a nicely multigraphed letter can be filled in with name and address, and for the salesman a blank carbon with the customer's name and address and a memo showing what it is, will fill the bill.

Another little matter, and sometimes it is not so little either, is for the creditman to send the salesman copies of all letters written to his customers. These copies will guide the salesman in stepping up or down his efforts to sell the customer, depending on the facts of the case, and in helping to straighten out misunderstandings between the customer and the house, and often result in the creditman obtaining valuable information from the salesman on that particular subject.

Handle Complaints Carefully

Difficult situations sometimes arise between the house and the customer on the subject of complaints on the

proper filling of orders or quality of merchandise, or justification for returns. While the creditman may be justified on both moral and legal grounds in insisting on his full rights in the matter, it may sometimes be wise, where the amount involved is not large, and it appears that the customer honestly believes he is right, for the house to yield a point. This should only be done where it is clear that the customer does not make a practice of such tactics, and in making such allowance it should be emphatically pointed out to the customer that it is based on the desire to meet him more than half-way and in appreciation of his patronage, although in similar situations it has been the policy of the house to disallow such claims. This is rather a delicate situation in which each creditman must use his own best judgment, and proper handling may prevent the loss of valuable business.

Finally, be courteous to your salesmen. They need all their energy to make sales. Do not break their spirit with harsh criticism, and do not fail to compliment them on their good accomplishments. You are not the sales manager, but for their security and success, your salesmen's eyes and hopes are upon you. You are one of the half-backs on your team.

Requisites of a Successful Credit Man

By I. A. McNabb, Credit Manager; The Glidden Company, Ltd. Toronto, Ontario

S In this article I will briefly attempt to give you an outline of the credit man we would all like to be, but so far have not attained.

Let us look at this from three angles.

1. Our Standards
2. Our Firm's Standard
3. Our Customers' Standards.

From Our Standards

- (a) How high do you rate yourself?
- (b) Is your standard for yourself attainable through study and hard work?
- (c) Are you subject to self pity when you fail or self praise when you succeed?
- (d) Do you frankly try to analyse yourself and improve your work each day?

From Your Firm's Standard

- (a) Have you a good knowledge of business principles, business practice and general conditions?
- (b) Do you know the merchandising customs of the various lines in which your customers are engaged?
- (c) Can you properly analyse financial statements?
- (d) Have you a good working knowledge of commercial law?
- (e) Have you a practical knowledge of banking principles, practices, investments and markets?
- (f) Do you keep yourself up to date and can you weigh accurately the information given you?
- (g) Are you sympathetic (not weak) and can you hold the good-will of customers and salesmen?
- (h) Do you know your customers' weaknesses?
- (i) Can you collect cheerfully and turn down orders gracefully?

(j) Do you co-operate with other departments of the business?

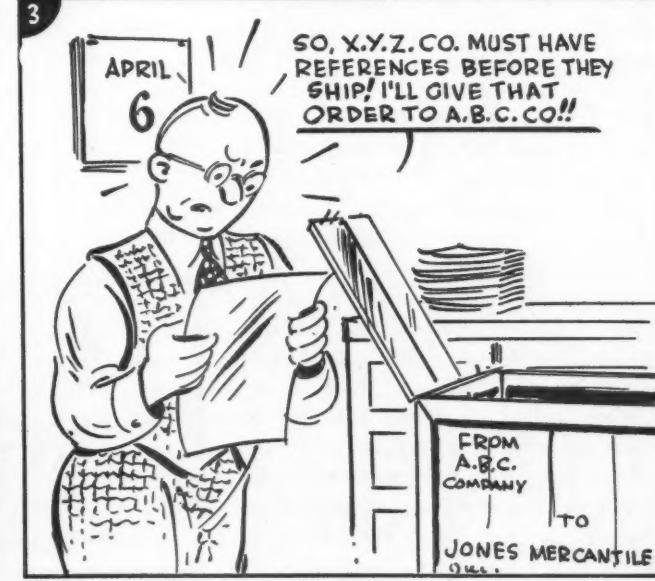
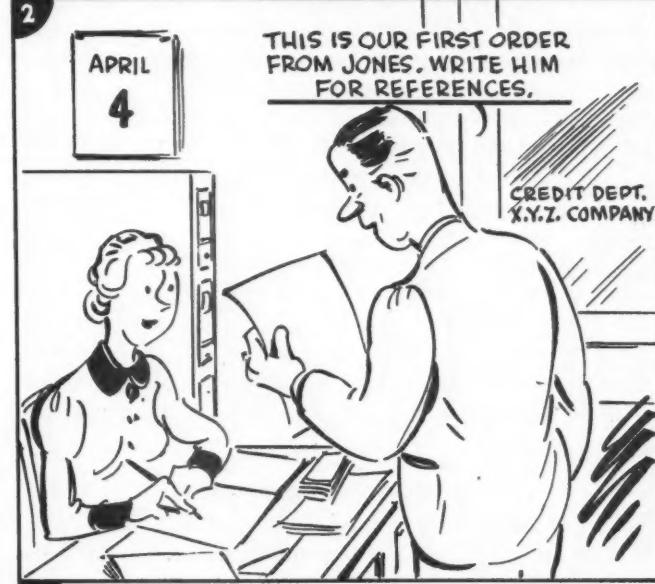
- (k) How much do you lose in bad debts?
- (l) Do you turn down many prospective customers?
- (m) Do your rejected orders contain many failures?
- (n) Do you offend or lose many customers?
- (o) How much of the sales and advertising expense do you nullify?
- (p) Do you give up easily?
- (q) Do you have many lawsuits and how high is your legal expense?

From Our Customers' Standards

And now let us look at ourselves from the customers' side.

1. Are you always fair to your customers as accounts fall due or do you take all the breaks?
2. Do you keep your promises or are you out to make a collection record?
3. Are the reports you give to the agencies accurate and fair to yourselves and your customers? Remember, give a dog a bad name and it may eventually hang him.
4. Are you big enough for your job and remember you can make or lose many friends and do you ignore your customers' requests regarding statements or drafts?
5. Are the statements you send out accurate and are all credits allowed promptly and payments shown?
6. Are you too aggressive in collections and do your salesmen report that so and so will not buy from us again on account of our credit department?
7. Do your letters insult your customers' intelligence and do you use sincere every-day language?—*Canadian Credit Men's Journal*.

"Rush! New Order!"



Recovering Lazy Capital

How Slow Accounts Add to Business Costs

By E. A. Pulford, National Malleable & Steel Castings Co., Cleveland

SIn setting up this title, I had in mind collection procedure as related to billings, classification of accounts, etc. and especially the anticipated collection problem that might arise with one or many of a credit man's accounts.

Lazy Capital has to do with that class of accounts which disregards terms, taking additional time although probably able to pay promptly. We are all familiar with this type. You write several letters, perhaps send a telegram or two, maybe telephone and eventually along comes a check. And that becomes a recurrent program each time you sell them. Reports will show them to be O.K. but they have gotten into the habit of slow pay. You do not expect a loss on such accounts but they certainly tie up working capital and become the "fly in the ointment" of the credit man who is endeavoring to keep his outstanding accounts to a low figure and within certain time limits.

Occasionally such accounts develop into a rather difficult collection problem. As an account grows old, small differences that might easily be adjusted, frequently assume greater importance in the eyes of the customer, especially so if his finances are becoming straightened, and he is looking for a way out, and then trouble begins for the credit man.

Capital Lost; Customer Gone

Under the heading of *Lost Capital* we will have to place that group of accounts which have already reached the point where definite collection procedure is necessary. In this group may be disputed accounts in which a compromise will have to be made and a loss taken or perhaps the customer is having financial or other difficulties. Chances for recovery in such cases are small and we find we have lost a customer, whether by our fault or by his, and have also lost the amount due.

For purposes of our discussion we will consider these as lost and already charged off to suspended or bad debts. From experience most of us know that when an account has reached this stage it has become lost capital in the majority of cases. And just where does the credit man's problem of recovery begin? I would say that as soon as he has approved an order and it has started in production his own company's capital has begun to flow out and he must immediately plan his procedure of recovery.

Customer disregard of terms, we stated was the cause of *Lazy Capital*. Any leniency in terms is sure to be taken advantage of by some and your collection troubles begin. Right here I would like to read from an article written by our own Mr. Tregoe back in March 1925 that bears directly upon this subject, especially from the angle of *Cost of slow accounts*.

Cost of Slow Accounts

In considering this subject we run here and there into volume production. Some good credit managers will say that in order to obtain volume, accounts cannot be neglected merely because their liquidation is in greater or lesser degree not according to terms.

"A wholesale grocery house in one of the middle western states distributed about \$2,000,000 a year. The enforcement of terms was so easy that the chronic slow payer found in its arms a comfortable nestling place. Of this concern's distribution 20% was to chronically slow payers. On a scrutiny of these accounts, it was found that at least one-half of the concern's over-due receivables were chargeable to these chronically slow paying debtors; furthermore, that through a period of years, three-fifths of its credit losses could be charged to these slow paying debtors. After calculating the overhead on a business four-fifths as large as its present business—allowing for the smaller borrowings necessary to carry the overdue receivables and the credit losses attributed to the chronic slow payer—it was found that more money could be made by cutting off this undesirable business than by maintaining a larger distribution through catering to such trade. The concern's policy was changed, the chronically slow paying buyer was either eliminated or transformed.

"At first there was an insulation among the salesmen; but they afterwards grasped the real facts of the situation and would now be unwilling to go back to the old basis. Instead of sacrificing one-fifth of the distribution, the new policy converted the ideas of some of the buyers

who had rested snugly on the easy terms basis and there was no apparent decrease in volume with a very apparent reduction of costs and an increase in satisfaction and results. It is an economic waste to produce goods that people do not need and sell them on easy credit terms. To build up volume at the expense of good credit standards and sound credit methods does not do business a bit of good,



but on the contrary increases distribution costs from raw material to consumer. Trying to make capital profitable through volume production when good economics and safe credit practices have to be thrown to the winds is not a judicious adventure and for it the people in one form or another will eventually have to pay.

Adds to Production Costs

"In presenting these conclusions I am flying in the face of some very active men; but I cannot dismiss the impression that the slow account adds to distribution costs, reduces returns to producers, and makes the dollar of the consumer buy less than it should. Many a merchant, of shiftless habits, who rests comfortably in the easy methods of his creditors, is a drug on the merchandising market; yet he can be rebuilt and his ideas reformed when confronted with the fact that terms are something not to be dilly-dallied with, but to observe as honorable agreements."

It is easy to see, therefore, that one of the first steps necessary to recovery is the establishing of a consistent and sound policy in educating our customer to respect our terms and lending a helping hand in showing him how to adjust his own business so he can meet the terms of his suppliers.

Thirty day terms are probably normal with most companies but in some industries sixty and ninety days are not unusual. But whatever your terms may be, set a definite time limit for outstanding accounts and make effort to keep them within that period. Every extra day taken by your customer ties up your funds just that much longer, thereby becoming Lazy Capital.

If our customer is to do all we expect of him it certainly is up to us to do our part also and that brings us to the next step which is to see that all invoicing is done promptly. Prompt billing does not always mean prompt pay but it surely helps a whole lot. Many orders now bear such notations as "Discount taken from date of receipt of invoice." This is an indication that there is apparently a laxness in billing and customers are ignoring terms and setting their own on the basis of receipt of invoices. If the billing department has done its work promptly and the customer receives his invoice as soon as he does his goods then he has no excuse for not making settlement according to terms.

Must Know of Disputes

From this point on it becomes the Credit Man's problem and he will need records readily available to aid him in handling any question of dispute regarding the account so that it can be placed in line for prompt payment.

After the invoice has been sent, the next step is the follow up and with most of us that is still done in the first place, by a monthly or perhaps a semi-monthly statement. This matter of statements is one whose value is being questioned by many in these days and has been dropped entirely by a goodly number.

Many companies still pay according to statement while others do not, but if your class of trade demands a statement see that they get it and get it promptly, as you will find it helps in many cases in getting early payment of your account. Prompt billing and prompt statements leave the customer no excuse on that score and help to keep him in line according to terms.

There are some businesses that do not follow this practice but do send statements as soon as the account reaches maturity, others send duplicate copies of invoices or statements at various times as suits their particular trade, and these of course, become the first notice to the customer. Various styles of stickers are attached to these statements sometimes as an additional reminder that the account is due. Recently there has been some discussion and solicitation also by persons interested in dispensing with the Accounts Receivable Ledger, the plan being to use copies of invoices in its place. Such a plan has been used for accounts payable but few have attempted to use it for receivables.

Statements Should Be Prompt

Of course your terms will always have some bearing on your billing and statement rendering. If your terms are tenth of month you must almost of necessity send statements early in the month or you may find your customer holding up those items until the tenth of the next month. He assumes that you do not care if he takes that extra thirty days. This increases your receivables and ties up capital. If you still find your customer is ignoring terms and does not respond to your first follow up then the credit man must get busy and make his further efforts for collection. And these should be persistent and consistent and in accordance with the practice customary to his own line of business.

One of the aids a credit man will find most useful is the ageing of his accounts receivable. Many concerns do this monthly and find it valuable as it affords a complete picture of their accounts and incidentally it shows just how "hot" the credit man may be as a collector as well as how bad his account may be. This ageing of accounts helps to spot the slow ones and also the pyramiding account so that prompt action can be taken. You also have a comparative picture of those accounts which perhaps are becoming habitually slow. Our own practice is to make up this statement monthly and copies go to each of our plants with comments regarding the account so that the sales manager may be familiar with all information we might have in our credit files. This aids the salesman in his future calls and especially so if we ask him to make collection. He also is posted as to which of his accounts are slipping and not abiding by terms of sale.

Ratio of Collectibility

Back in June 1937, Harry E. Butcher, of Cities Service Oil Co., Chicago had some comments to make on delinquent accounts. In an analysis covering a seven year period 1929 to 1935 he found that of accounts

30 days past due	95%	were collectible.
60 "	90%	" "
90 "	83%	" "
120 "	75%	" "
150 "	70%	" "

From these statistics we see how quickly the account drifts from the lazy to the lost capital phase. Here the credit man finds a real problem in hand and he must decide just what his course of action will be in order to recover all or as much as possible of the account. Many things will influence his decision such as house policy, competition, greater need for the money by some sellers, kind of goods sold, condition of times and many others.

Host City for Credit Congress-II

A Balanced Business City

By D. L. Runnels, Financial Editor, Grand Rapids Press

GMore than a half century ago a thrifty little lumbering city in the Grand River Valley of Michigan paused long enough in its metropolitan business to take an inventory of itself, its industries and its people in much the same manner as a modern business today takes year-end inventories to determine whether it is running in the "red" or "black." This momentous stock-taking venture resulted in changing the whole community industrially.

That city was Grand Rapids, host of the forty-fourth annual Credit Congress of the National Association of Credit Men, June 12 to 15.

Before the inventory was taken, Grand Rapids was considered the lumber capital of Michigan; shortly afterwards it became the "Furniture Capital of America."

Took Inventory of Possibilities

Many inventories have been taken by the city's civic leaders since that first venture in stock-taking, but none has been more far reaching than the one taken by the old Grand Rapids Board of Trade as the city reached one of the main cross roads in its life path.

In the first 50 years of the city's existence, Grand Rapids had been a lumbering town. But the lumber industry in Michigan was beginning to decline as the pine and hardwood forests were cut away and sawed into lumber. Grand Rapids civic and industrial leaders could read the handwriting on the wall. Frightened by the outlook, they took time to take an inventory of the city, its industries and its people. That inventory was instrumental in changing Grand Rapids from the lumber capital of Michigan into the "Furniture Capital of America."

In listing the community's assets and liabilities, the Board of Trade found inspiration in the city's inhabitants. It observed that nearly a quarter of the population was made up of thrifty, God-fearing Dutchmen who had left their homes in The Netherlands to immigrate to the "land of the free and the home of the brave" where they could worship their God in the way of their own choosing. It noted that these same good Hollanders, who went to church morning, noon and night on Sunday—and still do—were mostly skilled artisans in woodcraft. Some workers also displayed exceptional ability in furniture designing.

Visioned a Furniture Capital

A civic leader was highly impressed by the skill of the city's human assets. He visioned an opportunity to turn the lumber capital into a furniture capital. He inspired

his fellow townsmen to sense the natural set-up, and it was not long before the local talent was put to work in furniture factories which sprung up among the saw mills along the banks of Grand River. With an abundance of cheap lumber to mill, plane, carve and shape, and some of Europe's best craftsmen to do the milling and shaping, Grand Rapids soon became nationally famed for the excellence of its furniture.

Today leaders of the industry proudly boast that "more skilled workmen in the furniture arts and crafts are to be found in Grand Rapids than in any other woodworking center in the world."

The making of furniture requires a comprehensive knowledge and sympathetic appreciation of all the arts that go into the beautification of mankind's most cherished possession—the home. Blessed with men of this understanding, Grand Rapids has become a recognized leader in this art. Besides boasting men of genius in its shops, Grand Rapids lays claim to being the gathering place for more furniture designers of proven ability than any other place in the world. Furniture styles are created in their studios.

Influences Furniture Styles

Just as Paris influences styles in women's wear, so Grand Rapids creates styles in the arts of the home. The city is proud of its leadership in the creation of furniture styles, but the manufacturers at times become irritated over the acts of imitators who are accused of "stealing" or "copying" Grand Rapids designs and producing cheap imitations to undersell the quality-built pieces.

Development of Grand Rapids as a furniture market as well as a producing center was no more a happenstance than the establishment of the industry itself. *It was actually planned that way.* The industry envisioned its marketing opportunities at the Centennial Exposition in Philadelphia in 1876, where three Grand Rapids factories exhibited their products for the first time. Their furniture became the talk of the exposition. It won so much public acclaim and the exhibitors made so many retailer-contacts that the manufacturers decided to establish a furniture exposition of their own in Grand Rapids.

Expositions Draw Thousands

Long before automobile shows were held in the United States, furniture expositions were being held in Grand Rapids—three and four times a year. Buyers and designers from all parts of the United States came to attend

the shows in the fall, winter, spring and summer to view the samples and place their orders. Attendance at the shows was not limited to buyers. The exhibition halls were open to the public. Newlyweds from near and far came—and still do—to select pieces for their dream homes. Furniture lovers in all walks of life were welcomed—and still are—to inspect the household furnishings—even when the wholesale price tags dangled from door knobs. Thousands of visitors and delegates to conventions have taken advantage of the industry's open door policy to feast their eyes upon the finest furniture in the world—upon pieces that sell anywhere from \$50 to \$5,000; upon pieces representing exact reproductions of furniture which once graced the homes of kings, queens and the aristocracy of continental Europe.

Furniture Museum Established

Grand Rapids is one of the few cities in the world—perhaps the only place—to boast a furniture museum. Housed in a building that was the birthplace of the nationally known author—Stewart Edward White—the museum includes some of the finest and rarest pieces of furniture in the world. This institution was founded in 1936 by the Grand Rapids Association of Commerce in co-operation with the Furniture Manufacturers Association in order that the public might view the priceless exhibits at one central point. Thousands of visitors and tourists come annually to admire the exhibits—to compare the modern pieces with the antiques.

Installments Grow

In the early days of the furniture industry, the Dutch artisans carved most of the pieces by hand. While much hand work still is done upon the best lines, multiple carving machines have been perfected in recent years to speed up mass production, reduce the cost and bring good furniture within the reach of families of average or moderate means.

Selling furniture on the installment or credit plan played an important part in speeding up production with multiple carving machines. With one of these outfits, a skilled artisan with a handcarved model for a guide can carve three to a dozen pieces in a single operation, sometimes more. Mechanical manufacturing methods have revolutionized modern furniture-making almost as much

as automobile making. Likewise furniture sales on time payments have made jobs for thousands of workers and positions for thousands of credit men throughout the United States.

The furniture and woodworking industry today employs more men and women than any single industry in Grand Rapids, but the city by no means has all its eggs in one basket. The metal trades—children of the furniture industry—now employ about three times more persons than the woodcrafts. Between 12,000 and 15,000 persons work in the 96 metal shops and plants when they operate at full capacity.

The metal trades were invited into the "Furniture Capital of America" after the woodworking industry became well established. They came to manufacture hardware for furniture. The two lines of trade grew and prospered side by side until the automotive industry became a major factor in Michigan's industrial life. Then the metal trades forged to the front by leaps and bounds as their managements booked orders for automotive parts and appliances. New plants were built; old ones were enlarged. More men were hired and payrolls mounted.

Metal Plants Increase

Arthur W. Blodgett, secretary of the Grand Rapids Metal Trades Association, reports the number of plants has doubled in the last two decades while payrolls have quadrupled. In 1918 there were 48 metal plants employing around 5,000 persons at the peak; now there are 96 plants employing 12,000 to 15,000 at the peak. A Fisher Body unit of

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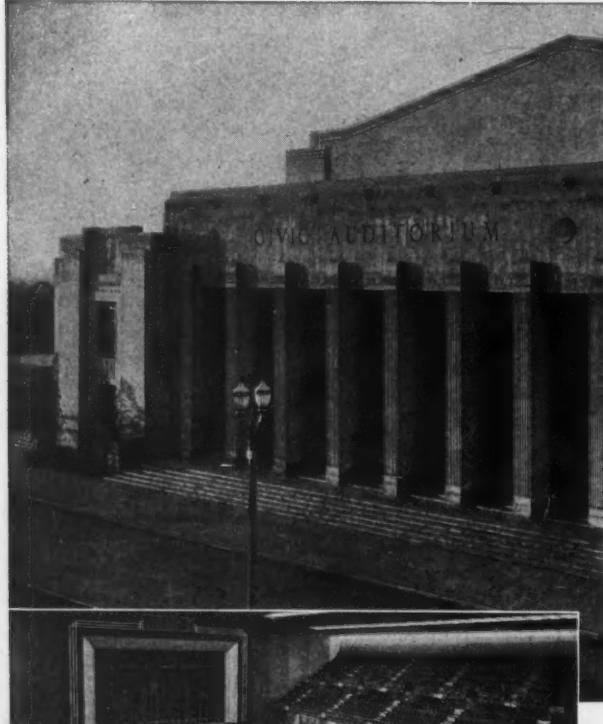
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June 11-15 1939

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Campau Square: hub of Grand Rapids' shopping district



The Pantlind—one of the Credit Congress Hotels



Main hall of Civic Auditorium, showing excellent view provided by all seats of the huge stage in the background. The finest in sound equipment furnishes perfect audition to all within the hall. Air cooling permits a year 'round temperature of 70 degrees.

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GRAND RAPIDS **The Furniture Capital** **of America**

The fine hardwood forests which once grew in the vicinity of Grand Rapids were originally responsible for the establishment of furniture factories in this city. The industry began on a small scale about 100 years ago. Gradually it grew to be the dominant industry of Grand Rapids, and for many years the city has been known as "The Furniture Capital of America." Today there are about seventy plants devoted exclusively to the production of furniture. Twice each year furniture buyers from all over the world convene in Grand Rapids to select the fine furniture housed in many beautiful exposition buildings. The nation's ablest craftsmen and designers are employed by local factories.

Furniture Museum

The Grand Rapids Furniture Museum, which opened its doors on New Year's Day, 1938, is the only one of its kind in the world displaying original masterpieces, the finest new creations of the world's finest designers and craftsmen in completely decorated rooms designed by the country's foremost interior decorators, a history of furniture making in Grand Rapids through displays of the various periods, and the processes of furniture manufacturing.



General Motors is a recent addition, strengthening the metal trades standing in the community.

Electrical refrigeration and metal furniture lines, added in recent years, have combined with the automotive industry to boom the metal trades. One of the world's largest manufacturing plants engaged in the production of refrigerator boxes and cabinets is located in Grand Rapids.

Several factories—one the largest in the country—manufactures metal furniture, office and store equipment. They draw a double classification. Both the furniture and metal trades lay claim to them, and include their payrolls and outputs in their industry totals. But no matter how the furniture industry strikes its totals, it still is faced with the fact that its baby—the metal trades—has outgrown the parent in magnitude and economic importance in the industrial and financial life of Grand Rapids.

Lifted City "by Boot Straps"

This bit of industrial background may help the nation's credit men to understand the community in which they hold their 1939 convention. It reveals how a city literally lifted itself out of an economic rut 50 years ago by its own boot straps and become an industrial city of major importance. From that turning point of 50 years ago, the city has steadily moved forward to annex new commodity capitals with the passing of time.

Through its geographical location, Grand Rapids is generally considered the capital of the Michigan tourist and resort business—a \$400,000,000 a year industry. Headquarters of the Michigan Tourist and Resort Association are located in Grand Rapids. This city is only a 30-minute drive from the biggest inland lake in America—Lake Michigan—and a short ride through picturesque country to hundreds of fish-infested, clear-watered lakes and streams.

Right in the heart of a rich farming section, Grand Rapids also is the capital of Michigan horticulture. It is in the center of the hilly, tree-clad Western Michigan fruit belt. Some of the oldest orchards in the state are located inside the city's corporation limits.

Wholesale Trade Important

The city's geographical position has made it the natural wholesale trading center of the state, particularly of the western and northern Michigan areas. Hundreds of branch distributing houses of national manufacturers are located in Grand Rapids. The wholesale business aggregates \$75,000,000 to \$100,000,000 a year. Four railroad systems, a dozen trucking lines and a transcontinental airline tie-up fit perfectly into the wholesale set-up, making overnight deliveries possible.

Being the Furniture Capital of America has equipped Grand Rapids admirably for the entertainment of conventions. It has more and better hotel accommodations than most cities of its size. There are 11 hotels—built to serve the thousands of guests who annually come to attend the furniture expositions and markets. Three of the largest hotels—the Pantlind, Rowe and Morton—are located near the Civic auditorium. The Pantlind is less than a stone's throw from the auditorium and has an underground tunnel connection.

In building an important trading and industrial center, the people also have developed a city beautiful. They have had a natural location. The early settlers, who

followed Indian trails through the forests to the banks of the Grand River, founded the city in the valley beside the rapids in the river. Hence the city's name—Grand Rapids. As the settlement grew, homes were built in the wooded hills. Today virtually the entire business, financial and industrial sections are in the valley, while the residential development has been largely in the hills and upland sections.

As part of the old Board of Trade's city beautiful program, a tree planting campaign was launched years ago. The community now is reaping big dividends in civic pride from those plantings. The streets are lined with beautiful maple shade trees. A veritable forest has grown up around the residences.

The business districts have developed in keeping with the residential sections. Skyscraper bank buildings are visible for miles from the approaches through the hills and valley. Six banks, two trust companies, six building and loan associations, several small loan companies and a score of investment bankers make up the financial district. All except two banks closed their doors during the national banking holiday in 1933 and had to be reorganized. Growth of both the old and new depositories has been little short of sensational. Their resources have risen from almost scratch to \$77,567,489. The banking recovery reflects the Dutch thrift of a large percentage of the city's population.

The financial district includes one of the best credit bureaus in the country. The Merchants Service Bureau has grown steadily since its founding in 1921 with an original staff of five persons and four telephones. Today the bureau has 47 employes and 54 trunk lines. Original credit records covered approximately 25,000 individuals and firms; today the credit files contain records on 260,000 individuals and firms.

James C. Deremo, the Bureau's executive secretary, is authority for the statement that the Merchants Service Bureau has done much to take the credit risk out of business in Grand Rapids.

"Since the Bureau has been in operation," explained Deremo, "credit conditions in Grand Rapids have been improved to such an extent that today credit experiences and losses of our retailers match with the best cities throughout the United States.

"Back in 1921 many leading retailers thought they were doing well if they had a collection turnover of 30 per cent a month on their accounts receivable. Today many of them have as high as 50 per cent, and some 60 to 70 per cent, which shows that credit conditions in Grand Rapids, as a whole, are quite healthy."

The demand for credit information has been multiplied many fold by sales on the installment plan. Some lines of trade are largely on a credit basis, despite the fact that the thrifty Dutch people, as a rule, stick pretty close to a pay-as-you-go policy.

The development of Grand Rapids' three major lines of industry—furniture, refrigeration and automotive—has largely been the result of the retail credit system in the United States. Their plants are busiest when the volume of credit business is largest throughout the country.

Times may be good and times may be hard, but business in this community with its diversified trades and its large percentage of homeowners, fluctuates less than the average. The city is not dependent upon one industry. It has its eggs distributed in many baskets.

Why Not "Floor Plan" Financing?

Better Dealer-Consumer Plan Needed

By H. B. Holmes, John Deere Plow Co., Sioux Falls, S. D.

H While we are an organization in the main consisting of credit men engaged in manufacturing and wholesaling, in my opinion the tremendous advances made in installment retail selling, since the period beginning about 1920 unquestionably has had its effect upon the judging of credit by those of our members whose business is either directly or indirectly connected with any method of installment merchandising. Therefore, I have thought it well to attempt in this brief analysis, to couple up both the wholesale and retail credit problems with which we are confronted, which in my opinion revolve largely around the installment purchase plan. At this point I do not wish to convey the impression that all I want to talk about is my own business, mention of our plans is brought out merely as a point of illustration in order to refer to the changes brought about in the past decade, comparing our system of handling credits ten or fifteen years ago to our present method.

In the business in which I am associated, we deal to a great extent in selling on payments to the ultimate consumer through our dealer organization, handling the resale paper subject to certain requirements as a direct credit to our dealer's indebtedness. Therefore, the modern trend of dealer financing in a measure has reverted to the fact that instead of having one dealer credit risk in a given town or trade territory we now have 100, 200 or even more individual credit risks in this same locality.

Changes in Credit Plan

Before this policy was adopted in our business, our procedure was to take note settlement from the dealer on items covered by terms or dating. A few days prior to the cash discount date, as evidenced by the notes, the dealer was notified and said notes sent out to his bank for collection. The general scheme then was for the banker to do the financing, loaning the dealer the money if necessary to discount this paper, and the bank would, if necessary, handle the dealers resale paper either as a direct credit to the dealer's indebtedness with them, or as collateral.

That was the general theory which prior to the 1920-

1921 depression worked out fairly satisfactorily. However, changed economic conditions forced an entirely different method of dealer financing for reasons which I shall attempt to bring out later. This necessitated an additional setup on quite a large scale. Definite resale requirements were necessary, an efficient co-action system had to be worked out, much detail was involved. One fact was definitely brought to light—that we were more closely in touch with the dealer's business, his financial affairs, and I think I am safe in saying that this plan made better business men out of many of our retail dealers.

In discussions that I have had on this method of financing with banks and members of other organizations in different lines of business, many interesting questions have come up, some of which I think might be well to enumerate at this time.

At Cross Purposes With Banks?

1. Are the finance companies and firms having their own finance plan, working at cross purposes with the banks, who a few years ago were the principal source of help in financing?

My answer would be quite emphatically "NO," always provided that sharp practices are not used by such firms. Splendid cooperation has been had from the banks. We all know that many of the larger banks loan the finance companies money to handle this class of business, I presume chiefly for the reason that the banks do not have the setup for handling this resale paper themselves, or in other words, do not have adequate facilities for the handling and resale of a repossessed electric refrigerator or a washing machine or similar articles.

2. Why has the trend of financing dealers in the smaller country towns swung from the country banks to the jobbers and finance companies?

Answer—The bankers in many instances have been unable to handle this business on account of lack of funds, and the payments were for a longer period than banking laws permit. We must not forget that the country banks have had their troubles during the 1920's and the first four or five years of the 1930's, which situation I am now happy to state is vastly improved.

3. Has the trend toward numerous dealer financing plans been increased on account of the need of the dealers, or has it been used by jobbers and manufacturers as another way of securing business, trying to offer a little more than other jobbers, or possibly trying to meet competition?

Need for Dealer Financing

Answer—Underfinanced dealers have made some method necessary. The growth of buying power created by this method of financing when based on sound principles has been a tremendous outlet to distribution in the experience of many manufacturers and jobbers, which in turn has caused others to adopt similar policies. It is well to bear in mind that this method on consumer financing should and must always be handled on sound business principles.

4. Have Federal Loan and Government Agency Plans encouraged dealers in demanding financial assistance from their suppliers?

Answer—There is no doubt about this. The Federal Housing Administration, and other agencies, encourage the purchase of building materials, household appliances, plumbing supplies, etc., on payments. This in turn has had a tendency to encourage the small retail dealer to look to his supplier for some sort of financing plan.

Has Definite Place in Picture

It has not been my thought to present any brief for installment selling, but again reverting back to the business in which I am engaged I have found that it does have its definite place in the credit picture.

In a sense this installment selling is not new. It originated as nearly as I can determine with the Singer Sewing machine prior to the Civil War. Farm implements were sold on payments during the economic rise of that part of the United States west of the Mississippi. For many years organs and pianos made the installment plan commonplace. Books in sets were sold; cook stoves were sold direct from the wagon to farmers to be paid for on an installment basis.

During that period, and in my opinion up until after the World War it was a negligible factor in the wholesale and manufacturing trade. In later years, the affect of such a merchandising plan has made inroads into every activity of commercial life and undoubtedly has made, and will continue to make various definite changes in the credit policy of many manufacturers, wholesalers and jobbers.

Need for Further Study

It would, therefore, seem to me, assuming that this modern method of merchandising is here permanently, that serious thought and discussion should be given to ways and means of handling the problem on a more sound basis for the benefit of many institutions who are not of national character and, whose trade territory is limited on account of geographical location and who perhaps have limited finances.

There has been put into general use, in certain lines of merchandise, what is termed a "floor plan" of placing merchandise in the hands of retail dealers by jobbers. In numerous instances this has not been satisfactory, owing to the expense and detail involved in setting up such a plan. In the automobile business where the manufacturers are amply financed and have their own finance depart-

ment, this has been very successful. However, with many independent jobbers the burden has been too heavy without a more definitely reliable system whereby financial institutions could and would assume this kind of commercial paper, if it could be handled by them profitably.

I have found in investigating this subject, that it gets back to the old story wherein the smaller country banks were not interested in this kind of business. It would seem to me that such a scheme could be worked out, by various jobbers who would come under this classification, for an arrangement with their own banks to assist them in their wholesale financing under this so-called "floor plan" by requiring their customers or merchants to make a 10% or 15% deposit at the time such merchandise was delivered to them. Then, the dealers paper taken in accordance with the requirements of said "floor plan" would be handled by the jobbers own bank or banks. Of course, some compensation would have to be given the bank. A hookup could be made with different finance companies on the sale at retail of such merchandise. In many cases such a plan would work out with the smaller country banks, whereby such institutions could and would handle the resale paper on a profitable basis.

Country Banks Interested

I have found a marked tendency during the past year on the part of country banks to be interested in the handling of this class of paper, always provided that such paper is on a sound basis. The big problem is to educate the local merchant. In some instances I have found country banks having organized a finance department for this class of paper, rewriting it in some cases to comply with banking regulations.

I appreciate the foregoing remarks have no particular application to industrial centers, but as we in our company have as the ultimate consumer of our products a large percentage of rural patronage, I have dwelt largely on that part of the problem.

What I have said on this particular phase may be nothing new to many of us, but the point I am attempting to bring out is that modern business methods force a dovetailing or a definite connecting link in dealer and consumer financing far removed from the practices in effect in the handling of extension of wholesale credit in a period of even ten or fifteen years ago.

One practice that I do not even consider worthy of being classified under the name of credit, or financing, or whatever name it may be called (and which has been used, and I believe is even now being followed by some concerns in their own anxiety and greed for what they call business), is that of consigning merchandise to dealers without a down payment, without a sales contract, or any other legitimate business agreement.

Against Loose Consignments

I have known of certain manufacturers and jobbers consigning merchandise to dealers without a cent paid down and even prepaying the freight. That kind of so-called business is pretty expensive bait—and invariably results in a loss. The dealer who has no investment, will half-heartedly, when the merchandise is new, attempt to dispose of it, and the net result in the majority of cases—the return of a consignment of second-hand shopworn goods to the point of distribution. Such practices are ruinous to the entire credit structure.

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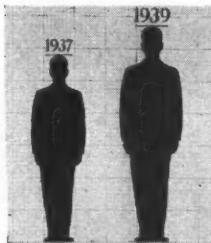
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A Banker Tells of Field Warehouse Credits

By Russell G. Smith, Vice-President and Cashier, Bank of America
National Trust and Savings Association, San Francisco.

STATING that field warehouse loans by banks have increased more rapidly in the past five years than in the preceding fifty may be accepted as evidence that this form of credit granting has come into somewhat belated recognition as safe, sound and profitable.

When it is considered that bank loans secured by field warehouse receipts have been common practice in some sections of the United States since around Civil War days, the lack of a more general use of this form of financing until comparatively recently can be attributed only to an insufficient appreciation of its real practicability, shared by borrower and lender alike.

Bank lending upon the security of field warehouse receipts, if accompanied by normal credit precautions plus a little extra care in some phases of the lending process, is desirable from every angle. Not only is field warehouse financing a safe and profitable employment of bank credit in a proper economic channel but what is equally important, it has a definite place in the lending activities of any bank that wishes to provide a complete credit accommodation for the community it serves.

Fills Important Need

This last is worth the consideration of every banker, for I am convinced that we must provide a full credit service or be prepared to see even further development of governmental and other credit agencies to fill specialized needs.

None of us needs to be convinced that the lending field of our banks has been narrowing steadily over a considerable period of years. Not only has normal evolution in various of our economic processes decreased the need for certain kinds of credit but, in addition, we have witnessed the steady growth of competing credit agencies, both governmental and private.

Bemoaning these developments will not aid in their solution. Bankers must act aggressively both to protect their present preeminence in the nation's credit system and to extend their credit service in every manner consistent with sound banking. Field warehouse financing fits naturally into the lending activity of most banks. There are few banks that are not familiar in some degree with the practice of lending upon the security of warehouse receipts issued by public warehouses. Field warehousing is but a further and more convenient development of this method of securing bank credit upon goods and commodities. That it offers a few problems not found in the more familiar forms of warehousing should serve only to stimulate study of the technique of this form of lend-

ing in order that its obvious benefits may be shared more generally.

Some Interesting Experiences

A detailed discussion of the operating details and legal phases of field warehouse financing is not within the province of this article. Discussion of these factors has already been quite full and the body of published experience in this field is growing steadily. There may be some, however, who will find of interest a few words on the experience of the Bank of America in developing this type of business.

While we had been making field warehouse loans in some volume for a considerable period of years prior to 1936, we handled these loans as an integral part of our general loan service and did not actively seek their development. Nor was there a special department devoted solely to this type of credit.

The loans made during this period, while not absolutely free from loss, were so satisfactory from a banking viewpoint that the bank decided to establish a separate department for the purpose of developing field warehouse loans and exercising a general supervision over all of the bank's operations coming within that category. The department itself is under the jurisdiction of the senior loan officers of the bank.

The function of our Commodity Loan Department is threefold. It determines, after intensive study and analysis, the commodities against which loans are advisable, establishes appropriate loan ratios, and offers our loan facilities to sound companies handling the selected commodities. The department also advises the branch credit and loan officers of the proper procedures to be followed in setting up their commodity loans. These pertain to establishing of approved releasing methods, withdrawing of samples, inspection of warehouses, and general safeguarding of loans outstanding.

Frequent Reports Made

After a loan is made, periodical reports are obtained from the lending officers and reviewed by the department. Any deviation from the original commitment is immediately called to the attention of the appropriate officer. Price trends of commodities held as security are followed daily, and other statistical data on such commodities are maintained currently. This practice permits the department to be in a position immediately to inform the credit officer of any change which would materially affect a loan. Briefly, every possible assistance is given

"WE MET THE HOURS PROBLEM in this office BY ELIMINATING NEEDLESS OPERATIONS"

Many business men find that the most effective way to meet the Hours Problem is to determine which employees are handicapped by operations that can be shortened or eliminated. Here are a few typical examples with which to start a desk-to-desk study in your office.

Are Your Typists Obliged to Do Several Jobs Separately that Might Be Combined?

Continuous multiple-copy forms used with improved equipment save needless copying, carbon handling and juggling of forms.

Do You Lose Time in Obtaining Statistics as a Separate Operation?

Statistical information may often be obtained as a by-product of some other necessary operation. For example, obtaining analysis of past-due balances at time of posting Accounts Receivable.

Are You Losing Time and Accuracy by Needlessly Relisting Figures?

Time can be saved and errors eliminated on many jobs by the use of two-total adding or calculating machines that complete the work in one run through the media, ledgers, cash books, journals, etc.



Does Your Present Procedure Give Results Desired Without Wasteful Operations?

If unproductive intermediate steps are required to fit the work to your present machines or system, it will pay you to investigate "direct-to-final-results" methods.

Does Your Invoicing Method Require Separate Jobs of Computing and Typing?

By direct multiplication the bill can be extended, discounted and totaled at the time it is being typed. Bills produced by this faster, simpler method can be mailed earlier, without the usual peak.

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BOOKLET!

For the executive concerned with the problem of conserving clerical hours, this new booklet contains many specific suggestions for re-adjusting office routine. Send for your free copy.

Suggestions for locating and eliminating the useless, costly operations that handicap office employees

Burroughs

to the lending officer in order that he may be able to develop and make safe loans, and follow them properly until liquidated.

On July 15, 1936 the reports of the Commodity Loan Department showed a total of \$3,636,000 in loans outstanding secured by warehouse receipts. From that date to the present, new loans have been made aggregating \$32,740,662, exclusive of a large number of warehouse receipt loans under \$5,000 in amount. The first dollar of loss on loans followed by the department has yet to be taken. At the same time, the interest return on these credits has averaged in excess of 5%. It is pertinent to note that the majority of our warehouse receipt loans (in dollar amount) are secured by receipts issued by field warehouse companies.

Safe Credit Operations

This lending record indicates that commodity financing by means of warehouse receipts may be developed to a point where it is one of the safest and most profitable means of extending commercial credit. As an indication of the wide range of activities to which the technique of field warehousing may be applied, it may be of interest to know that upwards of five hundred different commodities served as security for field warehouse loans made by banks during 1937. Field warehouse loans are by no means confined to agricultural products, but may be made with equal safety on a wide variety of raw materials and manufactured products.

Bankers who have had no experience in warehouse financing or whose experience has been limited to loans against commodities generally warehoused such as grain, whiskey, cotton, wool, and other staples often think that field warehouse receipt financing is adaptable only to loans against staple commodities. Frequently they are not aware of the excellent possibilities in financing other kinds of goods in this manner. Our bank has found that financing by means of warehouse receipts is a method that can be safely used when adequate credit could not be properly granted to the borrower in any other way.

As Used in Canning Industry

An outstanding example of field warehouse financing is that which is engaged in by the canning companies of this state. Due to the highly seasonal nature of their operations and the large amounts of credit required, bank loans are extended primarily on a secured basis. As it would be neither practical nor economical for the cannery to transport its goods to a centrally located public warehouse, a field warehouse is set up on the property of the cannery, often in one of the company's own buildings, and all the canned goods pledged as security for the advances are placed under the full control of an independent warehouseman or his agent. These men are always fully bonded for the proper performance of their responsibilities. Accurate records are maintained of the movement of canned goods under their control and no goods are released except upon authorization of the bank. The bank is fully protected by ample security at all times and the arrangement provides the cannery with a smooth working and flexible means of obtaining working capital.

The variety of commodities against which field warehouse loans can be made is almost unlimited. We have financed such diverse items as fertilizer, gold concen-

A summary of Mr. Smith's article appeared in a recent issue of Banking. The subject seemed of such importance to our field that we are pleased to present Mr. Smith's complete discussion of this subject, so pertinent to the wholesale and industrial credit field at this time.

trates, olive oil, road oil, tires and tubes, scrap metals, and sheet steel. An example of such a loan is one which we made to a customer who is engaged in the oil business. This customer has both producing and refining plants, and his primary product is a type of oil which is used during certain seasons of the year. Through field warehousing it was possible to finance the crude oil in tanks close to the producing wells, and later finance refined oil at the refinery during the slack season.

As Used on Slow Credits

In addition to increasing loan volume through the granting of new loans, warehouse receipt financing has frequently been used to assist in liquidating slow unsecured credits. By having borrowers secure such loans with available inventories, reduction programs can be effected so that as sales are made, payments are applied on the loan. This procedure frequently has enabled us to obtain reductions which otherwise would not have been made. For instance, one of our borrowers engaged in the wholesale grocery business had an unsecured loan which had run along for quite some time without any substantial reduction. In order to secure ourselves and work out a program of liquidation, a field warehouse was set up in the borrower's warehouse premises and warehouse receipts obtained on the merchandise to secure the credit previously granted, and the additional credit advanced for current purposes.

Under this arrangement we had a fully secured loan which was completely liquidated through having the borrower pay to the bank at the time of the release of any of the merchandise, an amount a few points greater than the ratio of the loan to the total collateral value.

Had the inventory been insufficient to secure both credits, the bank would have made a loan of perhaps 50% of our valuation of the goods on the new credit. In releasing, the bank would have required payment of possibly 70% of the valuation, applying 50% on the new loan and 20% toward the retirement of the workout loan. It is important to note that even if such a transaction did not work out, the bank would be amply secured on the new loan and, in addition, the remaining equity in the security could be applied on the old debt.

On the basis of our own experience we have no hesitation in commanding field warehouse loans to the consideration of every banker who is desirous of extending the lending field of his bank.

Parable of Three Credit Men

Showing How Each One Handled the Jones Account

By G. C. Klippel, Van Camp Hardware and Iron Co., Indianapolis

This is a story or parable of three credit men.

Each of the three was charged with not only protecting the receivables of his firm, but also to most efficiently conduct his credit department so that it might be said of him that he was doing his part in helping his firm realize "maximum profits with minimum losses."

Each of these credit men had one problem in common—each had an account with the Jones Hardware Store of Smithville, Indiana.

The first credit man had an account of \$1,000.00; the second, \$500.00, and the third, \$200.00.

The annual volume of business received from the Jones Hardware Store by the first was \$5,000.00; the second, \$3,000.00, and the third, \$2,000.00.

Each of these three credit men was concerned over the increasing delinquency of the Jones Hardware Store account. The facts of the case which were available to all three upon inquiry, were approximately as follows:

Working Capital Skimp

An analysis of the Jones Hardware Store financial statement showed that the current assets to current debts were two to one, but that the net working capital was entirely represented by Inventory and Receivables. The Tangible Net Worth was \$19,000.00, but too much of it was "frozen" in real estate, the store building in which the business was conducted and two other properties bringing in only nominal income. An agency report commented on the decreased volume of current sales due to general conditions in the community and the fact that payments were reported slow due to the slow inventory turn-over and weak collection policy. Rating changed from G3½ to G4.

Credit Interchange reports had been showing increasing delinquency during the past year, the last report containing fifteen comments, all showing past due amounts—three selling C. O. D. now, and five ac-

counts placed with the Credit Men's Association for collection. (Records of the Credit Interchange Bureau showed that the first credit man had the Jones Hardware Store on 90 day Automatic Revision, the second ordered reports at irregular intervals, and the third was "saving money for his firm" by seldom using the reports.)

Analyzed Conditions

The first credit man checked his agency and Credit Interchange reports and made the correct analysis of the condition. He decided that the account was "good but slow" and that the Jones Hardware Store might be convinced of the mistakes they were making, rectify them and thus be converted to a prompt paying, good account for his firm.

This credit man made a personal call on Mr. Jones—showed him the result of his analysis and promised continued cooperation if Mr. Jones would change his business methods to the extent that within a reasonable time his



A bankrupt will find it "rough going" under the Chandler Act if his Statement of Affairs does not conform to business rules

inventory and receivables would be in proper proportion and additional current capital be obtained from the sale of those pieces of real estate not necessary for the conduct of his business. An extended note settlement was made with the additional understanding that current purchases would be paid promptly and the change in policy be put into effect immediately.

The Jones Hardware Store was continued on the Automatic Revision Service of the Credit Interchange Bureau, as one means of checking up on the customer's progress.

The second credit man was alarmed over the agency information and the number of claims being placed for collection as shown by the Credit Interchange report. He sent out his account for collection; refused to approve any more orders, and was thankful when the past due account was paid in full in four months. However, this second credit man had followed a policy of checking up on refused accounts after they had been closed for about a year.

Improvements Reported

His past experience had taught him that in about 15% of the cases, the customer's condition had improved sufficiently to justify the approval of orders on credit terms and that upon giving this information to the salesman, business was again obtained from about 65% of these resurrected cases. So he ordered an Interchange report and received one dated October 24, 1938. (This report was also received by the first credit man on his Automatic Revision Service.) An agency report was ordered to see if the Jones Hardware Store had corrected its internal condition sufficiently to give reasonable assurance of continuation of the payment record disclosed by the Interchange Report. The improvement was evident and he notified the salesman that orders would now be approved for shipment on credit terms. Thus was accomplished the reacquisition of this account as a customer of his house.

The third credit man placed his account for collection; collected it and closed the book. He reported on October 24, 1938—"would sell for cash only—too slow." Upon inquiry he will make the same comment a year hence. He cannot afford to order a Credit Interchange report—he saves money by using only the minimum contract—using a report only when absolutely necessary.

Good Information Pays

What do the presidents of the three firms employing these three credit men have to say? The first says, "Our credit manager is always insistent upon getting all available information on all of our accounts. He is aggressive in his efforts to build goodwill with our customers; cooperates with them in improving their business condition; often noting unsatisfactory trends before the dealer himself knew anything was wrong, and by making good customers is a big asset to our sales department. His losses are possibly just a little higher than the average in our industry, but we are fortunate in getting more than our share of business from our marketing area and our profits have been most satisfactory. We find it profitable to give our credit manager all the latitude necessary in securing every bit of available credit information because he has convinced us that he knows how to use it to the profit of our business. He is our best salesman."

"Low Credit Losses?"

The second says, "Our credit manager is alert in his

Credit "ABC"

by VAL C. SCHMIDT,
Grand Rapids Cabinet Co.

Here's my credit ABC—
A—"Alert," "Beware" for B.
C for "Caution," and for D
"Deliberate," "Enough" for E.

F for "Fair" and G for "Grand"
H for "Honest" I "In Hand."

J for "Jockey" K for "Kite"
L for "Lousy" M for "Mite"
N for "Nosir" O "On Sight"
P for "Petty" Q for "Quite."

R for "Risky" S for "Square"
T for "Tricky" U "Unfair."

V "Vexatious" W
"Worthy" X "Xcels anew."

Y for "Yessir" and for Z
"Zero"—That's my ABC.

efforts to collect our past due accounts and gets enough reports to determine which of our customers shows a weakened condition. He has been quite successful in keeping our losses in line with the average of our industry, and while our sales department thinks he is too severe in his credit and collection policy, he has always been able to support his argument with facts and reports. Our sales department is pleased with the results he has been getting since he inaugurated the policy of checking up on credit accounts about a year after refusing them, to see if conditions now justify selling on open account terms."

The third says, "Our credit manager is in hot water with the sales department all the time. Our salesmen complain that they are not able to get approval of orders on customers that our competitors are selling regularly. In every case that I have checked into I find that we have tried the customer in past years and that he was too slow and unsatisfactory. Our credit manager does have a very low debt loss, and I guess that is a good thing because we are having a hard time getting enough volume to pay our overhead. He saves us money by using only a minimum of credit reports. What we want is the money, and we are not concerned about the customer's condition, its remedy and his future.

"At lunch today I met Mr. Brown, and he told me what a good big account the Jones Hardware Store had turned out to be for them. It seems they have been selling right along—got \$10,000.00 of business this past year; old notes all paid and current invoices discounted. They surely were lucky.

"Mr. Smith spoke up and said they also were getting a few small orders again and Jones was discounting with them. I just wonder if our credit manager muffed it on this account. He will only sell them cash or C. O. D."

NATIONAL ASSOCIATION OF CREDIT MEN



Credit Interchange program endorsed

■ At its meeting in January, 1939, the Board of Directors of the National Association of Credit Men unanimously approved the following Resolution which concerns everyone who recognizes the important part the exchange of ledger experience information between creditors plays in maintaining sound credit.

"The National Board of Directors again places its unqualified approval upon Credit Interchange Service as now functioning as the most efficient and effective medium available for the exchange of ledger experience information."

"We are convinced that our Credit Interchange System has shown steady and marked improvement in operation over a period of years. There are plans under way for further fostering and promoting additional improvements in the interest of a constantly expanded service to members."

"Careful observation, experience and successive studies of the National Credit Methods and Practices Committee consisting of member users and Bureau managers convinces us that since the principles of our Credit Interchange System have so definitely proved themselves to be thoroughly sound, it is no longer necessary or desirable that there be further experimentation given to the need for any system based on principles other than those now being used."

"Our opportunity for improvement lies in constant advancement in our operation of the present System. This advancement must come through the cooperative effort of all national and local Association officers and committees, every individual member of the Association and all national and local managers and personnel."

"We strongly urge every member and every manager to use his utmost influence and effort in support of our Credit Interchange System and lend his influence and effort toward constant increase in the intelligent use of

this outstanding service as the most effective way possible of giving to business the assistance so manifestly needed in the solution of its credit problems."

N.A.C.M. to survey tax problems of business

■ The first important project of the Association's recently formed Special Taxation Committee, a nation-wide survey of important aspects of the federal and state tax problems, will be launched in the very near future. The survey will be made through the cooperation of the Association's Economic Credit Council and of local associations which have been asked to bring the survey to the attention of their members and request them to submit the desired information.

This tax survey has a very special importance and value to every Association member. The Treasury Department and Congress are now obviously receptive to constructive suggestions from business with regard to necessary tax changes. The problems of state and municipal taxation are increasing in extent and severity. They have a very real effect upon credit conditions and your association faces both the responsibility and the opportunity of presenting recommendations and suggestions with regard to that aspect of the matter.

Such suggestions will carry weight only if they are supported by adequate facts. Many of the recommendations made by business organizations in the past with regard to tax matters have been ineffective because they were not based upon such facts. The facts needed to substantiate constructive recommendations and suggestions for tax changes are obtainable only from business men who encounter problems of taxation in their daily work. Every business man and every organization representing business faces a challenge to present facts which can illustrate the need for tax changes.

The survey which is being made by the Special Taxation Committee is designed to give every member of the Association who wishes to cooperate in the Association's program for sound taxation, an opportunity to present his views and report the experience of his company in connection with tax matters. Arrangements have been made in Washington for the effective presentation of the information which is obtained and the conclusions which will be justified by such information. Information pertaining to state and municipal taxes will be analyzed and made the basis for conclusions and recommendations dealing with local tax problems.

The results of this effort are largely in the hands of you and every other member of the Association. By cooperating actively you will contribute materially to a constructive effort to solve some of the tax problems which are today harassing business. You should soon hear about this matter from your local Association Secretary-Manager who will tell you how you can cooperate in the work.

The Executive Manager reports:

■ As you will recall, I mentioned in the November, 1938, Members' Bulletin that I had appointed, as N.A.C.M. representative for the San Francisco Exposition, Owen Dibbern, our Western Division Manager in that city, and for the New York World's Fair, Hugh Roberts of the National staff in New York. What can these men do for you?

First, they are assembling a list of hotels, apartments and rooms with the rates for your convenience. Second, both Mr. Dibbern and Mr. Roberts are respectively familiar with each Fair and can give you information regarding what can be seen, what the charges are, and the best places to eat at the Fair grounds. They are also familiar with the cities in which the Fairs are to be held and can inform you as to what is of interest.

If you contemplate going to either Fair this year, remember that each of these men in his respective city will assist in every reasonable way to make your Fair visit a most interesting one. If you will write direct to either of them, they will give you advance information regarding the price of tickets and any souvenir tickets that may be on sale at the present time.

"N.A.C.M. Day" plans

You will further recall that June 19 has been assigned as National Association of Credit Men's Day at the New York World's Fair, and that August 24, 1939, has been set aside as N.A.C.M. Day at the San Francisco Exposition on Treasure Island.

Since our 44th annual Credit Congress will be held in Grand Rapids, Michigan, from June 11-15, this will no doubt give an opportunity to many members to buy through tickets to New York. Rates have been arranged from Chicago with stop-over privileges at Grand Rapids.

It is my hope that many credit men will be in attendance at both the New York World's Fair on June 19 and the San Francisco Day on Thursday, August 24.

Special programs are now being developed for both June 19 and August 24 at the two Expositions. Because of its earlier date the program for the New York World's Fair is closer to completion and I would like to take this opportunity to present briefly some of the points that are included in that day's events. In a later issue the August 24 program will be detailed.

The June 19 plans call for credit men to gather at the New York World's Fair grounds at noon. The day's activities will begin with a luncheon at the Rheingold Inn in "Sun Valley, the Winter Wonderland," where at 1:30 P.M. an ice-skating carnival will be presented during luncheon. At 2:30 P.M. a bus tour of the Fair will begin, each bus having a guide to describe the various high spots of the trip. The highlight of the afternoon will be attendance at the gigantic Perisphere show entitled "Democracy." This will provide those present with a look at the "City of Tomorrow" as envisioned by

the Fair's architects and designers.

Attendance at a musical program will be scheduled during the latter part of the afternoon, as well as a pageant in the Court of Peace. Following this there will be various other attractions to be seen with arrival at Ballantine's Three Ring Inn scheduled for approximately six o'clock.

Dinner and a floor show, together with a program of special entertainment sponsored by the New York Credit Men's Association, will precede attendance at the evening performance of the "Aquacade," which will be an unusual show, featuring water sports and a pageant, on stages built over the waters of Fountain Lake.

This complete program including meals will be available to our delegates, together with a copy of the Official Fair Guide Book, at a special combination rate of \$5.00. A special booklet containing the program and tickets for the various features will be available later but full information is now available from Mr. Roberts in the National office in New York.

Member opinion on dollar devaluation

Do you believe that the President's power to devalue the dollar should be continued? A considerable number of our members who have expressed their opinions to me feel that continuation of this emergency power is unnecessary. The subject is now before the Sub-committee on Monetary Policy of the Senate Committee on Banking and Currency for consideration. The Hon. Carter Glass is chairman of this sub-committee. I am sure Senator Glass would appreciate an expression of opinion from as many of our members as would care to write him.

Our New York Credit Men's Association is one of a number of our affiliated local units which have passed a resolution on the subject. The New York Resolution reads as follows:

"The Act whereby the President can reduce the gold content of the dollar by not less than 40 per cent and not more than 50 per cent of its former weight lapses on June 30. The New York Credit Men's Association believes that this authority should not be renewed; that the President should no longer have power to change the gold content of the dollar but that this power should revert to Congress where it is placed by the Constitution of the United States."

"The New York Credit Men's Association represents the credit managers of 2,000 leading corporations. It feels that it should be heard upon a question which directly affects national and commercial credit."

"The Association's firm belief that the President should no longer have power to change or determine the gold content of the dollar is based upon the following facts:

"Manipulation of the paper money price of gold and devaluation of the dollar have not produced the beneficial results promised in 1933-1934."

"The suspension of specie payments and the institution of an convertible currency, the devaluation of the dollar, and placing the power to reduce the gold content of the dollar in the hands of a single man have injected great uncertainty into the calculations of business men, particularly where credit is involved."

"A fixed standard of value is a factor of immeasurable importance in business. Without it, long term future commitments cannot be made with a reasonable degree of certainty."

44th Annual N.A.C.M. Credit Congress

"To a great extent business is living from day to day. It is difficult to lay plans for the future. Operations are restricted largely to current requirements, a state of affairs reflected in deplorable and inexcusably heavy unemployment.

"Since this prevailing uncertainty is one of the great hindrances to a sound business recovery, the Association believes that business men will feel free for the future only when Congress resumes its power to fix the weight of our standard gold dollar. The Association is confident that Congress will not use its power arbitrarily nor act suddenly without public debate. Business has no such assurance under the present Act.

"The Association further believes that, as in the past, complete industrial recovery will come only upon return to a gold standard. It therefore urges that Congress not only recapture its power to fix the weight of the gold dollar, but that it also re-establish a gold standard as a vital contribution to that confidence which is essential to sound business recovery."

I have personally stated to Senator Glass the consensus of opinion of those of our members who have communicated with me, by means of a letter which reads as follows:

"Dear Senator Glass:

"A considerable number of our membership, representing approximately 20,000 wholesalers, manufacturers and bankers, have expressed their opposition to a continuation of the extension of the power of the President to effect devaluation. They believe a removal of this power of the President would do much to remove the uncertainty about our medium of exchange. Any change or threat of change in the gold content of the dollar is disturbing to commerce, both domestic and foreign.

"As to the argument that our foreign trade could easily be damaged by a foreign manipulation of currency our people feel that the need for any emergency devaluation could easily be acted upon by Congress. If Congress were not in session the lapse of a few months should not be fatal to our foreign trade. Aside from that we are not unmindful of the great damage that is done to world commerce when trade advantages are sought through manipulations of media of exchange. Our members feel that joining in this type of war in the end proves exceedingly harmful to commerce.

"We hope, therefore, that Congress will not extend the President's power. Our members do not take this position because they feel the President might exercise it but the right to exercise it in itself is a disturbing factor which should be eliminated."

May I suggest that you write today to Senator Glass giving him your views. He can be reached at the Senate Office Building, Washington, D. C.

Missouri two-bond law favored

■ As a result of active preliminary work in the St. Louis Association a bill, conforming to the Association's uniform two-bond law, has been introduced in the Missouri legislature and has already been reported favorably by a committee of that legislature.

The development of the legislation, which was carried on as a part of the efforts which the National Association has been making to obtain greater protection of the interests of material suppliers on state construction projects, followed a study of the situation in Missouri by members of the St. Louis Association in the building supply trade. The matter was discussed not only among those members but with associations representing contractors and other groups interested in the matter. As a result of this careful preliminary work the bill is understood to be in a favorable position in the legislature.

Grand Rapids busy with Credit Congress plans

■ Fifty-four years ago Grand Rapids definitely became a convention city. Beginning with the assembly of large national furniture trade groups as far back as 1885, and annual reception of them ever since, and the expansion of this same hospitality to other national organizations. Grand Rapids has built up a convention technique which is a decided asset.

So with the vanguard of our National Credit Congress approaching the Convention City in preparation for the 44th Credit Congress to be held in Grand Rapids, June 11-15, we find a rather unique *esprit de corps* among business leaders of the community and a decided co-operative-consciousness among the members of the Grand Rapids Association of Credit Men. They have imbibed the spirit and seem to be veterans in this work.

There are two features about Grand Rapids which are going to make it of special interest for conventionites. First, the city is not so large that they will be absorbed and lose their individuality for they will stand out prominently and be recognized as delegates to the National Association of Credit Men. Second, it is always nice to go where you are wanted and Grand Rapids wants every one of you. The citizens will go out of their way to grant every consideration and to make each individual delegate's stay in the city most pleasant.

There is one other feature which may account for the enthusiasm of the average member. They all know the city possesses facilities for a most wonderful place for assemblies, large and small—the Civic Auditorium—air conditioned and modern in every respect—connected with the Pantlind Hotel by a subway concourse.

Starting Sunday afternoon, June 11, with social activity the Credit Congress will get into full swing with a reception in the main lobby of Hotel Pantlind. A full orchestra with an internationally-known artist will be a feature of the event and will add to the pleasure of renewal of old friendships and establishment of new ones.

We shall not attempt at this early date to cover the full program in this column but shall mention the closing session Thursday night, June 15, which will be another outstanding event in the form of a banquet in the Civic Auditorium during which time the introduction of newly-elected officers and directors will take place.

One of the active committees at this time is the Registration Committee headed by Mr. Edward Neuman of the National Brass Company. Much work and planning is being done toward making this phase eminently successful. Not only are registrations beginning to come in now but also hotel reservations and Mr. Neuman urges all who possibly can to make their commitments as early as possible.

Michigan is a vacation state and a vacation spent here, plus the Credit Congress, will make a worthy combination, the memory of which should last a lifetime.

Plan to attend the 44th Credit Congress—Grand Rapids awaits you!

Grand Rapids, Mich., June 11-15, 1939

Four new bankruptcy amendments proposed

■ A bird's eye view of the happenings thus far during the present session of Congress discloses comparatively few legislative bills of much direct importance to credit men. The daily observation of new legislation in Congress, which is made by the Association's Washington Office, reveals the usual number of bills which, if enacted, would undoubtedly affect credit conditions but the likelihood of their passage is so small that no general Association action with regard to them is needed.

Up to the present time only four amendments to the Bankruptcy Act have been proposed. They are H.R. 993, which would make an assignment for the benefit of creditors an act of bankruptcy only if accompanied by another act of bankruptcy; H.R. 3059, authorizing the appointment of additional Conciliation Commissioners; H.R. 3704, proposing a new chapter XV to deal with "railroad adjustments" and H.R. 4430, which would permit Conciliation Commissioners to act as referees in bankruptcy.

Only H.R. 3704, which was introduced in the House by Rep. Walter Chandler, author of the Chandler Bankruptcy Modernization Act, has received any serious consideration thus far. That bill is now undergoing hearings by a subcommittee of the House Judiciary Committee. The bill, which is partly a condensed version of a longer bill introduced by Rep. Chandler at the last session of Congress, is designed to take care of certain types of railroad situations which are believed to be particularly urgent.

No committee action has been scheduled for the other three amendments proposed. They are, of course, being watched carefully by the Association's Washington representative.

The Association's Washington Office has made certain representations to the Naval Affairs Committee of the House and Senate with regard to the Vinson Bill, authorizing an improvement of naval aviation bases. A provision of that bill would make it possible for the Secretary of the Navy to waive the requirement of payment bonds from contractors on contracts negotiated under the bill and affecting construction work outside the continental limits of the United States. Some \$25,000,000 worth of projects would be affected by the waiver. Because of that fact and because the provision in the bill does not limit the waiver to certain cases where the public interest would be adversely affected by the requirement of bonds, it has been recommended to the House and Senate Committees that such a limitation of the right to waive the requirement should be included in the legislation.

That action has been taken because of the fact that, if such a broad right to waive the requirement for bonds to protect material men were included in one bill of this kind, that action might be regarded as a precedent. Such an eventuality might well impair the effectiveness of the Miller Act and weaken the protection which that legislation gives to firms which supply material on government construction projects.

The question, important to credit men, whether there will be banking and tax legislation introduced at this

session of Congress and, if so, what kind of legislation, can only be answered at the present time with a large question mark. A good bet now is that there will be no important banking legislation but that there will be a tax bill designed to eliminate some of the features of the present federal tax system which are most objectionable to business.

Oppose state acts to curb creditor bureaus

■ At least seven cases have been reported where legislation introduced in state legislatures has seriously affected the Adjustment and Collection work of our Association Bureaus. In some cases certain provisions seemed to be designed to strengthen the standing of Association Bureaus and to be in the public interest. Many of the provisions, however, were exceedingly vicious and if passed, would have virtually eliminated Association Bureaus.

Close study of all measures was made. Local Secretaries and local Legislative Committees acted promptly and are continuing to do so during the terms of the legislative sessions. Very strong protests have been made to the vicious provisions of some of the bills.

The Associations in some cases introduced bills of their own, framing them along sensible and reasonable lines. Some success has been reported but the fate of some of the measures can not be known until later. The vigilance of Legislative Committees is a necessity to the perpetuation of the practical services now enjoyed by members and creditors.

Fraud foursome out of circulation

■ During the past month the Fraud Prevention Department reports the termination of two cases involving four individuals.

Herman and Louis Pasternack, of Pasternack Bros. Inc., 252 West 37th Street, New York, manufacturers of women's apparel, coats and suits, entered pleas of guilty to an indictment returned against them by the Federal Grand Jury of the Southern District of New York charging the use of the mails in a scheme to defraud. The charge was in connection with the issuance and mailing of a financial statement reflecting condition as of May 31, 1936, said statement being inflated in the net worth in an amount of approximately \$20,000.

In the County Court, Special Sessions, during March, Joseph Goodfried, who operated as Joseph Goodfried & Co. Inc., 245 Canal Street and 28 West 28th Street, New York, manufacturers of braids, and Isadore Amster, a Certified Public Accountant, entered pleas of guilty to a charge involving the issuance of a fraudulent financial statement in violation of Section 1293B of the Penal Laws of the State of New York. This statement set forth a net worth of \$49,497.30, whereas in fact the net worth was overstated in an amount of \$37,964.

NEWS ABOUT CREDIT MATTERS

A section devoted to local Credit Association affairs

April, 1939

Copy deadline:
15th of month

Two NACM men in Utah legislature

Salt Lake City.—The members of the Inter Mountain A. C. M. felt proud this year when the Utah State Legislature convened because two of the legislators are fellow members of the Credit Association.

Harry L. Strong, President, Inter Mountain A. C. M., is Representative from the 6th District and Dexter Farr is Senator from the 4th Senatorial District.

From a biographical summary of the Utah Legislature's members, recently published, we reprint the following information about these two Association members:

Harry L. Strong

Representative from the 6th District (Davis County).

Home address: Kaysville.

Business: Treasurer of the Utah Poultry Producers' Cooperative Association.

Other lines of work in which he has had experience: Sugar refining, insurance and utilities.

Legislative experience: None.

Public offices: Kaysville councilman for four years and treasurer for eight years.

Organizations: Rotary, Chamber of Commerce, President of Intermountain Association of Credit Men.

Representative Strong classifies himself as a conservative in his political views and his particular legislative interest is agriculture. He has no bills in mind now which he plans to introduce. He is currently Democratic County Chairman. Mr. Strong is married and has three children.

Dexter Farr

Senator from the 4th Senatorial District (Weber County).

Home address: 1340 Marilyn Drive, Ogden.

Business: Ice cream manufacturer and distributor.

Other lines of work in which he has had experience: Postal service, forest service, farming.

Previous legislative experience: Member of House in 1935 and of Senate in 1937.

Other public offices held: None.

Organizations: Executive Club, Intermountain Association of Credit Men, American Legion.

Senator Farr classifies himself as a moderate, conservative or liberal, depending upon the issue. His 1937 voting record supports this elastic self-appraisal. He lays claim to no particular legislative hobbies, but is interested in all fields of legis-

Judges for J. H. Tregoe Memorial Prize Essay Contest are named; manuscripts dead-line is May 1

The fourth annual J. H. Tregoe Memorial Essay Competition, which is now under way, will have a considerably increased number of essays, according to present indications. The closing date for receiving all essays is May 1, 1939. Full information is available from Carl H. Henrikson, Jr., Director of Education, N. A. C. M., One Park Ave., New York, N. Y.

Announcement of the judges for this year's competition was recently made. The Board of Judges will be made up of the same individuals who have judged the competition in previous years. They include: Dr. William H. Steiner, Brooklyn College; Prof. Albert F. Chapin, New York University; William H. Pouch, Pres., Concrete Steel Co. and Past Pres., N. A. C. M.; David E. Golieb, Treas., International Handkerchief Mfg. Co. and David A. Weir, Asst. Exec. Mgr., N. A. C. M.

The competition is divided into two classes: In one group, students and former students of the National Institute of Credit are included. In the other Juniors and Seniors in schools of commerce or business administration in recognized colleges or universities are eligible.

Essays are limited to 4,000 words and prizes range from four money prizes of \$100 to \$10, besides six "Honorable Mention" awards of the 1939 edition of "Commercial Laws."



Legislators Farr and Strong



lation. At present he has no major bills in mind which he plans to introduce, but does expect to sponsor a number of clarifying amendments and repealers. His hope is for an harmonious session which will enact only sound legislation and which will turn the taxation trend downward. His hobbies are hunting and fishing. He is married and has four children.

Northwest "C" men have 2-day parley

Spokane—Credit managers from Washington, Oregon, Idaho and British Columbia gathered in Spokane on March 23 and 24 for the annual Northwest Credit Conference. Thursday sessions were devoted to group activities and Friday featured general conference subjects with a closing banquet that night.

Bennett talks to retail credit men

Brace Bennett, Director of Sales and Promotion, N. A. C. M., was one of the featured speakers at the District Convention of the National Retail Credit Association in Rochester in February. Mr. Bennett, formerly Secretary of the National Bankruptcy Conference, discussed the new Chandler Bankruptcy Act with particular reference to the wage-earner section.

Association activities

Atlanta:

Henry H. Heimann, Executive Manager of the N. A. C. M., presented a feature talk before the monthly meeting of the Atlanta A. C. M. here on March 22. Local credit executives have been pleased by the organization of the new Association in Jacksonville, Fla., and look forward to personally welcoming their new fellow members in the near future.

Cincinnati:

Carl H. Henrikson, Jr., N. A. C. M. Educational Director, spent several days here early in March in promotional work connected both with membership and educational activities. On Tuesday, March 7, he spoke to the Credit Club luncheon and that evening addressed the local Chapter, National Institute of Credit.

Cleveland:

One of the local Credit Women members, Mrs. Hilder H. Daniels of The L. G. Daniels Company, is author of the following Zebra toast—or roast!

When the donkey saw the Zebra
He began to switch his tail.
"Well, I never," was his comment;
"There's a mule that's been in jail."

Jacksonville:

The newly organized Jacksonville Unit of the N. A. C. M. at its dinner meeting on March 21 heard an address entitled "Brakes — or Break-Up?" by Executive Manager Henry H. Heimann. With organization plans now out of the way the local organization is programming increased membership as one of its first goals.

Kansas City:

Four more lectures in the series sponsored by the Kansas City A. C. M. are scheduled for April. The subjects to be covered include the responsibility of the credit manager, the Chandler Act, financial statement interpretation and business correspondence. These will conclude the series of ten talks.

Classified

Progressive credit executive now employed by large national corporation seeks connection with independent jobber or manufacturer. Outstanding credit record, seasoned by 11 years of banking and credit management. Capable of assuming full charge of office and credit department. Firm believer in creating company good-will through sound credit policies. Excellent references. Address Box 41, Credit and Financial Management, One Park Ave., New York.



Pres. Osterhouse

Muskegon:

With 21 visitors from Grand Rapids augmenting the Muskegon group—the annual Ladies Night Party of the Muskegon Chapter of the N. A. C. M. was an auspicious event at the Occidental Hotel Ballroom, under the direction of President George Osterhouse, Browne-Morse Co.

One of the features of the evening was an excellent address by A. E. McCrea, Editor, Muskegon Chronicle. Mr. McCrea made the significant statement that "Democracy is government by public opinion, rather than government by an individual or group of individuals. But information is the substance from which public opinion is formed. Dictatorships have demonstrated that when you can control what a people knows you can control what it thinks, you can control its actions. Control of the sources of a people's information inevitably becomes a dictatorship. The newspaper is still the chief source of information of the people, and whenever it loses its freedom, democracy is at an end."

Richmond:

Upon the request of the Board of Directors of the Richmond A. C. M. an affiliation of the membership of this organization with the Service Corporation of the N. A. C. M. was effected on February 1. No change in the Richmond personnel was involved with Secretary J. Norman Gibson and his staff continuing the operating end of the local organization's activities.



Toledo:

Credit Men at the speaker's table in the above picture are, l. to r.: W. F. Fox, National Supply Co.; A. C. Kellar, Libbey-Owens-Ford Glass Co.; John H. McNerney, Secy. & Asst. Treas., Owens-Illinois-Glass Co.; H. H. Heimann, Exec. Mgr., N. A. C. M.; A. H. Ahlers, Pres., Toledo

Chicago:

The annual Midwest Food Manufacturers and Allied Lines Credit Conference sponsored by the Food Manufacturers Credit Group of the Chicago A. C. M. was held in the Hotel La Salle on February 24. Among those on the program were: Frank H. Miller, The Best Foods, Inc.; B. M. Foote, Penick & Ford, Ltd.; W. K. Yates, Morton Salt Co.; Guy E. Reed, Harris Trust & Savings Bank; Roy G. Elliott, Jaques Manufacturing Co.; C. L. Bonson, Pres., The Chicago A. C. M.; Phil A. Hanna, Chicago Journal of Commerce; Robert Boggess, Inland Warehousing Co.; H. K. Heath, Durkee Famous Food.

The Conference Committee under the chairmanship of Frank L. Douglas, The Quaker Oats Co., include: Irene Austin, Thinshell Products, Division of Consolidated Biscuit Co., Inc.; H. K. Heath, W. E. Mueller, Morton Salt Co.; G. H. Nippert, The Procter & Gamble Distributing Co.

Rochester:

David E. Golieb, Treas., The International Handkerchief Mfg. Co., New York, addressed the March meeting of the Rochester A. C. M. on "Constructive Credit Work and the Future Trend of Credit Granting." Mr. Golieb was one of the founders of the New York Chapter, National Institute of Credit and now is Chairman of its Board of Governors. He is a Past President of the New York Credit Men's Association, is the author of "Credits and Collections," and other writings. He conducts a Seminar in Credit Problems at New York University where he established a course in credit many years ago. He is one of the country's leading credit executives.

The members of the Rochester Chapter, National Institute of Credit joined the Association membership at this meeting.

St. Louis:

The March Forum Meeting of the St. Louis A. C. M. was featured with an address by Dr. Isaac Lippincott, Professor of Economics, Washington University. The speaker discussed the business outlook at this meeting which was held in the De Soto Hotel on March 9. The local forum series is under the sponsorship of a committee, headed by W. W. Loop, Chairman and including: P. F. Buchert, V. C. Eggerding, Wm. H. Ebrecht and Elmer Tabbert.

A. C. M.; H. K. Jorris, Toledo Edison Co. and A. J. Sodick, Electric Auto Lite Co.

The occasion was the appearance at the February dinner meeting of the Toledo A. C. M. of Mr. Heimann, who discussed business and economic trends, predicting at least a 10 per cent business gain in 1939.

Credit career



Jos. L. Shonberger

Cincinnati.—Credit management has had the benefit of the services of Joseph L. Shonberger for 25 years. During the past 15 years he has made for himself an enviable record as Credit Manager for the Weisbaum Bros. Brower Company, makers of Beau Brummel ties.

An active member in local and national credit association activities, Mr. Shonberger last year was the only Cincinnati member to attend the National Credit Congress in San Francisco. This interest extends also to Mrs. Shonberger, who is active in association social affairs and a regular attendant at state and national credit meetings.

He is a native of Cincinnati. He went through high school and the University of Cincinnati at night "on his own." And he is still active, continuing to take night courses because of his realization of the importance of keeping himself abreast with the times.

In the Cincinnati Association he is Chairman of the Education Committee, Chairman of the Clothing and Textile Group and a member of the Board of Directors for almost five years. His work as Educational Chairman has been instrumental in rebuilding the Cincinnati Chapter of the National Institute of Credit.

Proud father of four boys and one girl, "Joe" moved into his new home in Kennedy Heights early in October, 1938, where he is now, as in the past, presenting the highest degree of hospitality to his friends.

Credit men endorse Iowa par-check bill

Omaha—Endorsement of Senate File No. 69 for par-clearance of checks by state banks, which is now pending before the Iowa legislature, was made by the Tri-State Credit Conference in Omaha recently. The credit executives urged the passage of the bill at this session.

N. Y. paint group names committees

New York.—Committee chairmen for the current year were announced by President Isaacs of the New York Paint & Allied Industries group recently. They include the following: Membership, Theodore H. Kleine; Board of Credit Appraisal, Jerome Monash; Publicity, William Rohs; Resolutions & Amendments, John C. Ball; Grievance, Harry F. Forster; Nominating, Martin B. Weinstock; Auditing, Martin B. Weinstock; Entertainment, James A. Kenny; Uniform Practice & Special Investigation Fund, Paul N. Knappen; Realization Recovery, Victor Isaacs; Vigilance, William L. Lang.

Promotions

Philadelphia—W. F. Peek, Manager of the Newark branch of the Service Corporation, in which position he has been handling the collection activities in that area, will hereafter also supervise the operations of all services in the Philadelphia area. His previous experience qualifies him to succeed, in the Adjustment and Collection work in Philadelphia, Walter English, who recently accepted the Secretary-Managership of the Houston A. C. M. to succeed Morris D. Meyer.

Cleveland—Harry Kohn of the Morris Plan Bank has been promoted to Vice President of that banking institution. He will continue to have charge of the Credit Department.

Utica—Robert L. Griffiths, active local and national association member, is the newly appointed Treasurer of his firm, The International Heater Co.

Hartford—John A. North was recently elected Secretary of the Phoenix Insurance Co. He is at present Chairman of the Hartford Association's membership committee, as well as a member of the Board of Directors, and has been responsible for widespread promotion of insurance company memberships in the N. A. C. M.

Rochester—Elmer B. Milliman was recently appointed to the Presidency of the Central Trust Co. of this city.

Cleveland—W. E. Monson, Pres.-Treas. of the Ingraham Supply Company, has been elected a member of the Rocky River Board of Education. We understand that Mr. Monson is the first member to be unanimously elected to the Board.

Dallas—E. F. Anderson is the newly-chosen President of the Schepps Brewing Corp., succeeding George Schepps. Mr. Anderson was formerly Secretary-Manager of the Dallas Wholesale C. M. A. and is a founder and past President of the Dallas Sales Managers' Club. For the last seven years he was General Manager of the Manufacturers' and Wholesalers' Division, Dallas Chamber of Commerce.

**Attend the
44th Credit Congress
Grand Rapids—June 11-15**

Albany conference plans for N.A.C.M. Day at Fair

Albany—Councillors, Presidents and Secretaries of local Associations in District Two of the N. A. C. M. met here on March 18 to make plans for the Tri-State Conference of Credit Men in Buffalo next October. Representatives from the following cities are included in this district: Albany, Allentown, Binghamton, Buffalo, Elmira, Harrisburg, Jamestown, Newark, New York, Philadelphia, Rochester, Syracuse, Utica.

Discussion of participation plans for N. A. C. M. at the New York World's Fair on June 19 resulted in a program of cooperation which is to be developed with the National office.

Seattle:

During the week March 6-11, the Seattle A. C. M. held its membership week coincidental with the arrival here of N. A. C. M. Central Division Manager, E. B. Moran. Mr. Moran has been on a membership promotion tour among the Western Division Associations. The Association is planning to send a delegate to the National Credit Congress in Grand Rapids in June with an expense allowance of \$175.00. Membership points earned by signing new members will be used in the drawing on May 15 to select the Association's delegate at large.

Utica:

The regular monthly meeting of the Utica A. C. M. on Mar. 7 heard L. Brent Wood, U. S. Fidelity and Guaranty Co., Syracuse, speak on "The Most Destructive Enemy of Business." A sextet of Credit Women, known as the Crediteers, furnished musical entertainment at the meeting. At the February dinner meeting the program centered around insurance with two talks featuring Paul M. Millians, American Credit Indemnity Co., "Credit Insurance," and Howard Brown, State Agent, Syracuse, N. Y., on "Use and Occupancy Insurance."

Tampa:

The 24th annual dinner meeting of the Adjustment and Interchange Bureaus of the Tampa A. C. M. featured an interesting address by Max B. Nahm, Bowling Green, Ky., banker who has addressed N. A. C. M. national Credit Congresses in the past.

Worcester:

P. J. Gray, Asst. Manager, Washington Service Bureau of the N. A. C. M. and Asst. Secretary, National Legislative Committee, presented an address on "Legislation and the Credit Executive" before the dinner meeting of the Worcester County A. C. M. at the Hotel Bancroft on March 14.

St. Paul prepares for N. W. parley

St. Paul—Preparations are being completed by the St. Paul A. C. M. for the 24th annual Northwest Credit Conference to be held here on Sat., April 15. Participating in this meeting are the Fargo-Moorhead, Grand Forks, Duluth-Superior District, and Minneapolis Associations. Approximately 500 delegates are expected to attend.

A get-together party is scheduled for Friday evening in the Spanish Room of the Hotel Lowry at which the credit men will be guests of the St. Paul A. C. M., Northwest Jobbers Credit Bureau and Associated Creditor's, Inc. Among the speakers scheduled are the Hon. Gerhard J. Bundlie; N. A. C. M. Executive Manager Henry H. Heimann, and John E. Ledbetter, Credit Manager, Northrup King & Co. A debate by two local college teams on "pump-priming" will be a feature of one of the Conference sessions. The Conference will close on Saturday night with a dinner at which Mr. Heimann will speak.

Houston:

After serving as Secretary of the Houston Association of Credit Men for 12 years, Morris D. Meyer tendered his resignation on March first. He was succeeded by Walter English who is well qualified to take over the post because of his experience gained as Manager of the Philadelphia Adjustment and Collection Division prior to his acceptance of the Houston position.

Mr. Meyer's many friends in the Association, who learned to know him at conferences and conventions, will be pleased to learn that he will devote his entire attention to his private interests and to the practice of law.

On the occasion of Mr. Meyer's resignation, the local Board of Directors presented him with a silver platter, elected him an honorary member of the Houston A. C. M. and gave him a resolution, attractively printed on parchment, which extolled his many years of effort as Secretary-Manager and Treasurer of the Association. Space restrictions alone prevent us from carrying the full text of the resolution.

Peoria:

The Peoria A. C. M. held its regular monthly meeting on March 16, in the French Room of the Jefferson Hotel. The meeting was in charge of W. J. McBriar, President. John O'Connor, Chairman, Program Committee, was successful in securing as speaker, T. Alfred Fleming, Chairman, Speakers Committee, Insurance Group, N. A. C. M., whose subject was "Harnessing Credit Security." After the talk there was a general discussion regarding insurance problems.



Rochester:

On the occasion of the Spanish Fiesta recently staged by the Rochester A. C. M. the costumed group (right) took an important part in the evening's festivities. They included in the usual l. to r. manner the following: Howard W. Minchin, ReQua Electrical Supply Co., National Director, N. A. C. M.; C. W. Joslin, Beaucaire, Inc.; Frank Spencer, Hickok Mfg. Co.; Edmund A. Randall, Genesee Valley Trust Co.; Herbert Bradshaw, Bausch & Lomb Optical Co., President, Rochester A. C. M.; Willis H. Daggs, Rochester Ribbon & Carbon Co., Councillor, Rochester A. C. M.; Elmer Weiland, Atlantis Sales Corp.; Jack D. Cogswell, Rochester Credit Men's Service Corp.; Charles E. Larry, Rochester Credit Men's Service Corp.; (kneeling) holding the head of Ferdinand the Bull, the parts in which were taken by Charles J. Briggs, Manager, Rochester Credit Men's Service Corp., Ferdi, and Wm. H. Ewell, Rochester Lead Works, Nando.



Grand Rapids:

On Monday, March 6, the Grand Rapids Association of Insurance Agents invited officers of the Grand Rapids A. C. M. to be their guests at their regular monthly meeting in recognition of the credit men's interest in insurance as the back-stop of credit.

New York:

The Credit Women's Group held a successful luncheon and card party on Jan. 21. About 125 members and friends attended, including several Philadelphia Credit Women led by their Chairman, Miss Gertrude Tonnessen. The party netted the Group treasury a very nice sum which will be used towards the annual Helen R. Pouch Scholarship, and the sending of a delegate to the National Credit Congress in June.

The Scholarship Contest this year will be held on April 27 and it is urged that all credit men and women bring it to the attention of their juniors and send applications to Miss Marion E. King, Chairman of the Group, care of the New York C. M. A., as soon as possible.

City Magistrate Jeanette G. Brill addressed us on March 2, on "Delinquents in the Magistrates Court" and the Group was pleased to have with it, at this most interesting session, "Sister" Helen R. Pouch and Mr. & Mrs. Wm. Egelhofer, Mr. Egelhofer being First Vice-President of the New York C. M. A.

San Francisco:

Members of the Credit Women's Club and their guests enjoyed a splendid monthly meeting on March 14. Frank Kugelberg, Secretary, Dimond and Co., in charge of imports and exports, showed moving pictures on: "The Enchanted Isles of the South Seas: Hawaii, Java and Bali." The film included native dancers, shown for the first time in color, accompanied by native music.

Several representatives of our Club were at the meeting of the Credit Women's Breakfast Club on the morning of March 8, and had the pleasure of hearing the address by F. M. Jacobs, Special Export Representative of the Union Oil Co., who had just returned from a visit in Japan.

N. I. C. NEWS

Kansas City reports an unusually fine interest in the educational program in their area. About 120 have attended the last three credit lectures. On Tuesday, March 7, they heard Mr. Poindexter on "Cooperation Between the Credit Department and the Sales Department." The round table discussion was quite fiery and heated.

Cleveland sends word that their Board of Trustees have approved the formation of a Cleveland Chapter of the National Institute of Credit. Plans for the organization of this Chapter will be in the hands of the Credit Methods and Systems Committee. The Chapter plans to hold its own educational programs, sponsor meetings for the general Association membership and help organize and conduct educational classes within the Association for credit men and women.

Utica Chapter marked the close of their fifteen weeks courses in Credits and Collections and Business Law by holding a dinner on February 24, at which prizes were awarded. Chapter President, Arthur Mauthe was toastmaster. So much favorable comment has been received on these two courses that it is planned to present two additional courses next fall.

Rochester Chapter held a bowling party on Saturday evening, March 4, at the Elks Club. Refreshments and a buffet supper were served. The members brought their wives, husbands, and friends. Many prizes were awarded.

DUR DISTAFF SIDE

Cleveland:

The local Credit Women's Club held a "Quiz Bee" on credits and collections on Feb. 15. Scheduled for March 23 was the Club's Keno Party.

Fresno:

The first issue of the "Fresno Crediteer" made its appearance recently as the official publication of the local Credit Women's Club. During the past year the Club's bulletin, under the name of "Credit Women," has grown from its original two-page size to 16 mimeographed pages with special color cover. The title for the new publication resulted from a contest conducted by the Club, which was won by Margaret Driscoll.

Utica:

Plans for a "Baby Party" were developed at the local Credit Women's Club. This was the March meeting's feature. In April the local Club will hold a joint meeting with the Utica A. C. M. to hear S. Miles Bouten, formerly foreign correspondent for the United Press, who will discuss "Foreign Affairs."



"Miss Angeleno"

The "Senorita" above is, in reality, Miss Margaret McComas, daughter of Past N. A. C. M. President, F. B. McComas of Los Angeles. She dressed in this costume recently when she was selected as "Miss Angeleno" to represent Los Angeles at the Golden Gate Exposition. Her picture also appeared in a recent issue of LIFE magazine in connection with the opening of the San Francisco World's Fair.

Tacoma:

The membership committee of the Tacoma Credit Women's Club has adopted for its 1939 slogan: "One New Member Each Month". They are already well ahead of the requirements, having secured three members in February alone. Nineteen credit women are now members of the Club.

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Your Grand Rapids Hosts

Committee Chairmen Busy on 44th Credit Congress

GE Members of the Grand Rapids Association of Credit Men are working at full speed on plans and programs which they hope will make the Forty-fourth Credit Congress of the National Association of Credit Men on June 11 to 15 an outstanding session of our National organization. Fred Schrop, National staff member, who will act as Credit Congress manager,

has been in Grand Rapids since March 1st and will remain on the job most of the time intervening before the Credit Congress starts. During April and May weekly sessions of the important committees have been scheduled.

W. H. Maurer, American Seating Company, and president of the Grand Rapids Association, has named R. W. Forwood,

Consumers Power Company, as general chairman of the Credit Congress. Mr. Forwood will have as liaison of-



R. W. Forwood
General Chairman



W. H. Maurer
Pres. G.R.A.C.M.



Geo. Erhardt
V.-P. Grand Rapids
A.C.M.

ficers President Maurer, Vice-President George Erhardt, Breen and Halliday Fuel Company, and E. B. Groot, executive manager of the Grand Rapids Association.

All entertainment features will be under the direction of a general committee headed by A. F. Zoellner, John K. Burch Co. Mr. Zoellner's committee will have charge of the musical and reception on June 11 and also the big banquet which will be one of the main sessions of the Congress.

Charles S. MacDonald, Standard Oil Co., is in charge of program and speakers. It is too early to announce any of the features of the program, but Chairman MacDonald will see to it that one or two high-light speakers will be provided for each session. Several men of national repute will be heard during the Congress.

Mrs. Mayo Ziegler will be in



A. F. Zoellner
Entertainment



C. S. MacDonald
Program

charge of the very important hostess committee. This committee will have charge of the big program of special entertainment to be provided for wives and families of Congress delegates. Mrs. I. C. Spraker, Charles A. Coyne, Inc., will be in charge of the programs and activities of the Credit Women's Group.

Those who have attended previous sessions of the Credit Congress know how much help they have received from the information committee. This feature is to be under the direction of Floyd Mayo, Bixby Office Supply Co., with Rodney Schopps, Pantlind Hotel, as vice-chairman.

Edward B. Neuman, National Brass Co., heads the committee in charge of registrations. This committee is now hard at work making a canvass of every large business firm in Grand Rapids, in the hope that the host city will make a creditable showing in the percentage of local registrations as compared with the total number attending the Congress. The registration desk will be in the large ballroom just off the

main lobby of the Pantlind Hotel, general headquarters of the Credit Congress. The sessions of the Congress proper and most all of the Industry Group sessions will be held in an imposing municipal auditorium, connected by special tunnel with the headquarters hotel.

Fred K. Luneke, Grand Rapids Bedding Co., is in charge of trans-

portation facilities. This work involves a considerable amount of detail but as the program for this year does not provide for a "day-off" with special entertainment, Mr. Luneke's committee will have to do with the convenience and service to delegates.

Mayo Ziegler, John Widdicombe Co., heads the reception committee. As mentioned above, Mrs. Ziegler is the chief of the hostess committee.

Fred W. Mare, Alabastine Co., heads the committee on publicity. Edward R. Meggs, General Electric Supply Company, is in charge of the very important committee on hotel reservations. As the delegates will be housed in the Pantlind (headquarters), the Rowe and the Morton, Mr. Meggs' group has an important work to perform as many delegations will arrive on spe-



Mrs. Mayo Ziegler
Hostess



F. K. Luneke
Transportation



E. B. Neuman
Registration



Mayo Ziegler
Reception

cial trains and it will be necessary to arrange in advance for the speedy assignment of rooms.



F. W. Mare
Publicity

Charles F. Anderson, Grand Rapids Varnish Co., will look after the details of providing rooms and facilities for the industry group meetings. R. A. Colliton, manager of

Central Credit Interchange, will be in charge of the group meetings as a representative of the National staff, Mr. Colliton also will have charge of the group sessions' programs.

The Credit Women's Group will as usual have a full program. Mrs. I. C. Spraker, Charles A.

Coye, Inc., is in charge of arranging the facilities for these sessions, the programs for which will be under the direction of the officers of the National Credit Women's group.



C. F. Anderson
Groups



E. R. Meggs
Hotels

Russell Fairles, National Bank of Grand Rapids, and Martin E. Lillie, Old Kent Bank, will be in charge of the Bankers' sessions during the convention. The bankers group is generally one of the largest in attendance at a Credit Congress.

Only those who have served on committees for host Associations know how much work is required in advance to arrange the many details incident to a National Credit Congress. When we go to the convention city and find everything prepared for our entertainment and convenience, only a few take thought of the hours of effort put forth by the members of the host Association. These workers deserve some sort of a badge of merit for their arduous labors.



Russell Fairles
Bankers



Diablo Dam and Power House, Skagit River, Washington

Water Below the Dam

Water above the dam is a source of tremendous potential power, but "water below the dam" and below the power house turns no turbines.

Credit losses are "water below the dam"—turn no wheels of industry or trade. The astute Credit Executive exerts every force at his command to prevent losses—studying, appraising, and reviewing records, ratings, and Interchange Reports. Yet losses are inevitable.

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Arranging Industry Group Programs

Plan to Consolidate Groups to Increase Interest

Industry group meetings, which have come to occupy an important place, will find ideal facilities for meetings at the Forty-Fourth Annual Credit Congress of the National Association of Credit Men, meeting in Grand Rapids, Mich., June 11th to 15th. The General Congress sessions will be held at the city auditorium which is connected by subway with the Pantlind Hotel, and ample space is available in the auditorium and the hotel for all industry meetings. Thus, for all practical purposes, every meeting will be held under the same roof as the General Credit Congress Sessions. Each industry will have available a room designed specifically for meeting purposes. Thus, ample accommodations and every convenience will be available.

Two full half days have been set aside for industry group meetings—Tuesday afternoon, June 13th, and Wednesday afternoon, June 14th.

This will be the ninth year during which industry group meetings have been a part of the annual Credit Congress. Interest and attendance at meetings have increased each year, and new attendance records are indicated for several of the meetings at Grand Rapids.

During the past few years, there has developed an appreciation of the need for greater permanency for industry activity within the Association. Logically, this should center around the annual conference of the industry at the Credit Congress. In an effort to accomplish that permanency, one item of business on the program of each meeting at Grand Rapids will be the selection of a chairman, a vice-chairman, and a committee to continue active throughout the year, to serve as a contact point for the industry and as a medium for the centralization of ideas respecting the industry's particular problems, thus assuring that they are given proper place and attention on the program for the next annual meeting, which will be developed under the guidance of the committee selected.

This type of organization has been in effect in some industries for several years. Its merit is evidenced by the larger attendance at the annual meetings, by the closer contact and acquaintanceship which prevail throughout the industry, and, in some instances, in other meetings of the Industry during the course of the year.

In working toward greater permanency of organization, there is a recognized need for readjustment in the number and classification of industry meetings, for two reasons. Many meetings scheduled in past years have been unsuccessful, due to lack of attendance; and those who have come to the Convention anticipating attending such meetings have obviously been keenly disappointed. The practical organization for industry meetings is, of course, that which assures specialization to whatever degree is practical in the light of the attendance factor, the principle being that the delegates to the Credit Congress would prefer joining in a meeting with another branch

of their industry or with an allied industry rather than waive the opportunity of attending any meeting.

The following industry group meetings have been definitely scheduled for Grand Rapids—

Advertising Media
Automotive Supplies
Banking
Brewers, Distillers, Wholesale Liquor
Building Material & Construction
Cement
Clothing, Wearing Apparel & Dry Goods
Coal & Solid Fuels
Confectionery Manufacturing
Drugs & Chemicals
Electrical & Radio
Fine Paper
Food Products & Confectionery—Wholesale
Food Products & Allied Lines—Manufacturing
Footwear
Furniture, Floor Coverings & Home Furnishings
Hardware Manufacturing
Hardware—Wholesale
Insurance
Iron & Steel
Jewelry
Machinery & Supplies
Meat Packing
Paint, Varnish & Lacquer
Paper Products & Converters
Petroleum
Plumbing & Heating
Public Utilities
Reinforcing & Bar Steel
Stationery, Publishing, School & Office Supplies
Textiles.

If you plan on attending the Convention, check the foregoing list and, if you do not find a meeting of interest to you, then communicate at once with R. A. Colliton, P. O. Box 1398, Central Station, St. Louis, Mo., advising him of your desires and, if possible, suggesting the names of others in your line who you feel would be interested in such a meeting.

Every industry has two credit interests: (1) Problems relating strictly to the Industry; (2) Problems affecting credit in all industries. They are recognized as of equal importance. The first is treated in the industry group meetings; the second, in the general sessions of the Credit Congress. Therefore, plan your convention trip to spend the full time from June 11th to 15th in Grand Rapids gaining full advantage from both the general sessions and the meeting of those in your industry. Attendance at industry group meetings will, as heretofore, be based upon Convention registration.

Small Town Banks Hold-Up Targets

Bank burglaries and holdups during the Association fiscal year ended August 31 last totaled 137, another new low since 1916, reports James E. Baum, Protective Department manager. The peak year for bank robbery was 1932 with 631 crimes of violence.

Mr. Baum reported that banks in small communities and branch offices accounted for 106 of the 110 daylight holdups of banks in the year. Seventy-six attacks were against banks in communities of less than 10,000 population, 30 were against branches and two against messengers.

"Only two of the 100 robberies," he said, "were against banks in cities having a population of more than 50,000. Lacking sufficient police protection, it is obvious that the small bank or branch office in suburban or rural communities places 'Welcome' on the mat for bank robbery unless safe-guarded with the most modern and effective machinery of prevention. It is equally clear that solution of the bank robbery problem rests largely with banks located in these small communities."—*Banking*.

New Books

PRINCIPLES OF MARKETING.
By Harold H. Maynard, Ph.D.,
Walter C. Weidler, M.A., Theodore N. Beckman, Ph.D. (Revised Third Edition). The Ronald Press Company. \$4.50.

Changes in marketing procedures brought about by legislation, integration and research have been notably numerous and rapid in recent years.

The revision of this volume retains the materials in the two preceding editions which experience has shown to be valuable. Emphasis has been placed on principles of marketing, rather than purely descriptive and factual phases of the subject. However, the quantitative and factual aspects of the subject have not been neglected.

Significant data made available by three censuses of business and other institutional and private research projects are liberally used to show functional trends in marketing.

This book is particularly adapted to those who desire a complete survey of the field of marketing without the necessity for supplementary reading.



You had worries enough when your chemist made a mistake, and newspaper headlines screamed the stories of people taken sick after using your product. But matters became even more serious when claims totaling enough to embarrass you financially were filed against you. Remember how relieved you felt the day *this man* told you that the U. S. F. & G. had settled those claims fairly and promptly?

Your business today is sound as a dollar, thanks to a "friendly word" from *this man*. "You're pretty careful," he'd said, "but suppose something went wrong? You'd have a lot of claims to pay. You should have Product Public Liability Insurance and Property Damage." After thinking it over, you'd decided that perhaps you should.

This man is one of the 9,000 U. S. F. & G. Agents. He has a wide contact with both business and personal coverage problems. Your local U. S. F. & G. Agent will gladly give you the result of his experience to help you solve your coverage problems by showing you the ways in which fidelity, casualty and surety insurance can protect you and your business. Your telephone book will give you his name. Telephone him today.



U. S. F. & G.

UNITED STATES FIDELITY AND GUARANTY COMPANY

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HOME OFFICES: BALTIMORE

"Consult your Agent or Broker as you would your Doctor or Lawyer"

Urge Care in Selection of Truckmen

Survey Shows Losses on C. O. D. Shipments

SHould there be no substitute for common-sense credit administration is amply demonstrated in the recently-completed survey of C.O.D. shipments by motor carriers operating under the Interstate Commerce Commission. The survey showed that the same precautions taken with regard to a prospective debtor should be utilized when entrusting a C.O.D. shipment to a motor carrier, despite protective laws, rules and regulations that might seem to obviate such measures. One participant in the survey said, "I would rather sell on open account than to ship C.O.D. by truck without complete investigation." Proof of the value of preliminary investigation lies in the fact that losses on C.O.D. shipments, with a few isolated exceptions, occur where no comprehensive effort is made to check the qualifications of the carrier; while losses are reduced to a negligible minimum where thorough investigation of the carrier is the rule.

Two survey reports give eloquent testimony on this point:

Our Spokane Association replied to the survey as follows:

"This Association has maintained a most efficient traffic bureau for the last twenty-five years and never in that time have our members suffered a material loss through motor carrier mishaps."

Our Louisville Credit Men's Association reported:

"The Blue Book of Motor Trucking Lines," sponsored by this Association and now going into its fifth year, has been responsible for protecting shippers in this section against losses of consequence, and the Supervisor of Motor Transportation for the State of Kentucky has been most complimentary of this service rendered the shipping public."

Prompted by inquiries and complaints from members in regard to motor carrier C.O.D. and damage claims, the N.A.C.M. Washington office conferred with officials of the Interstate Commerce Commission and discussed the matter in complete detail. Those conferences resulted in the suggestion that factual data be submitted to the Commission substantiating our members' complaints. It was felt that the Commission would give favorable consideration to such a presentation, and, if the facts warranted, would consider the advisability of requiring motor carriers to provide fidelity bonds for the protection of C.O.D. shippers.

At the same time it was pointed out that the motor carriers were already rather heavily burdened with rules and regulations, that some of them were having a difficult time "making ends meet", and that they should not be required to go to the added expense of filing new tariffs and obtaining C.O.D. bond coverage unless there was pressing and urgent need for such requirements.

These conferences were reported to all Associations in May, 1938, and again in the Legislative Manual (1938-39, Section V), with the request that they survey

their members on this subject and forward to the Washington Office factual data to support the presentation to the Commission. The questionnaires issued by Local Associations on this subject varied greatly and render it impossible to submit National percentage figures.

However, all reports were in agreement on essential points and two of them are fairly typical of the general situation.

	New York	Kansas City
Percentage of membership replying to questionnaire	23.5%	22.4%
Percentage of those replying who use trucks for any C.O.D. shipments	62.9%	76.7%
Percentage who ship C.O.D. to any extent	10.0%	14.0%
Percentage reporting losses.....	7.8%	12.7%
Average loss for reporting members for year 1938.....	\$12.81	\$7.02

The \$12.81 average loss figure shown in the New York survey includes two exceptional losses of \$1500 and \$600. Eliminating these two figures reduces the average loss figure to less than \$6.00.

In submitting their findings, the New York Credit Men's Subcommittee on C.O.D. Shipments by Motor Vehicle made the following significant observations:

"Unfortunately, dollar totals of the entire volume of goods shipped by truck on a C.O.D. basis are unobtainable. It is therefore impossible to calculate losses as a percentage of shipments. Since shipments of this type accounted for only a small proportion of total shipments, and since only 7.8 per cent reported losses on this small proportion, it seems fair to assume that the percentage of loss suffered on total C.O.D. shipments by motor truck is exceedingly small. . . . In view of the high ratio of failure in the trucking industry, it is not surprising that shippers suffer losses through the failure of truckmen to remit C.O.D. payments. What is surprising is the small amount of losses revealed by the survey."

The Subcommittee completed its report with the conclusion that "the problem is not of sufficient importance to the general business community to justify legislative action."

The general lack of interest displayed in this matter, the meager factual data submitted and the apparently inconsequential losses reported would seem to substantiate the decision reached by the Subcommittee of the New York Credit Men's Association.

While the survey did not produce the facts expected, it was productive of several worthwhile suggestions. Among them the following are worthy of note:

Many members apparently incorrectly believe that the bonds now required of the motor carriers by the Interstate Commerce Commission afford some protection on C.O.D. shipments. Such protection, however, is only furnished through fidelity bonds and the Interstate Commerce Commission does not require such bonds at this time though it has authority to impose such a regulation

if it desires to do so.

In an effort to protect their C.O.D. shipments some members buy their own insurance protection and some insist upon the carrier providing fidelity bonds. Other members report they insist that carriers trustee C.O.D. funds, and advocate legislation on that point. Some demand that only checks made payable to the shipper be given to the carrier. Other precautionary methods designed to assure and hasten the receipt of C.O.D. funds by the shipper were utilized, but throughout all the reports it was evident that the only dependable safeguard was a careful and comprehensive investigation of the carrier handling C.O.D. shipments.

One local Association questionnaire asked—"What percentage of the Interstate Commerce Commission motor carriers operating in this area are financially sound?" Members replying to that question rated the responsible carriers from 1% to 90% or better—a range that would seem to necessitate the immediate development of a more adequate and dependable method of appraisal.

If you have had losses on C.O.D. truck shipments report to NACM Washington Bureau.

64 Billions For Americans in '38

Secretary of Commerce Harry L. Hopkins makes known that income received by individuals in the United States in the form of wages, salaries, dividends, interest, entrepreneurial income, rents, relief and social security benefits totaled more than 64 billion dollars in 1938. The 1938 aggregate of 64.2 billion dollars was 7 per cent below the 69 billion dollars recorded for 1937.

The drop in the purchasing power of consumers arising from current income was somewhat smaller than the decline in the total dollar income, since living costs were slightly lower in 1938.

While income payments in 1938 were 40 per cent higher than in 1933, they continued 18 per cent below the record level of 78.6 billion dollars for 1929. The cost of living of urban wage earners averaged 14 per cent lower in 1938 than in 1929, indicating a moderately lower real income in 1938.

The compensation of employees during 1938 totaled 42.1 billion dollars as against 45.4 billion dollars received

by employees in 1937, representing a decline of 7 per cent.

The 25 per cent decline in dividend disbursements in 1938 was the sharpest drop for any type of income payment.

Tax Payments to Be Shown on Statements

A revision of the standard financial statement form used by the National Credit Office has been completed by the Committee on Accountants of the Uptown Credit Group, an affiliated association of the National Federation of Textiles, Inc., and the new form will be used by the agency in connection with 1938 end-of-year statements.

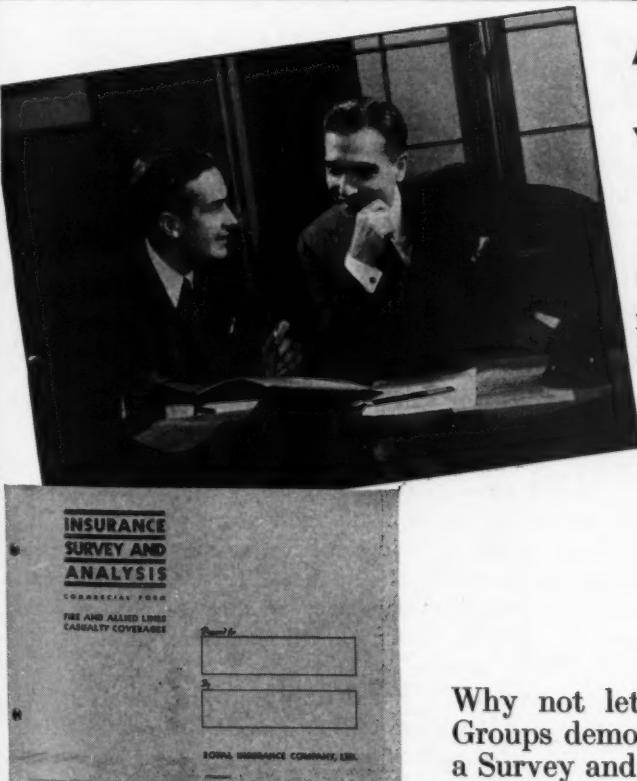
The new arrangement of the various items is in keeping with the routine followed by accountants in preparing figures for their clients, and for this reason, it is felt that the revised statement should meet with general approval. Special consideration has been given to the various taxes now imposed by Federal, State and local Governments, and a number of lines are allotted on the form to taxes so as to permit the listing of each obligation in detail.

"A CREDIT REPORT" on YOUR Insurance Set-up

COST-FREE and obligation-free you may obtain from any agent of the Royal-Liverpool Groups an Insurance Survey and Analysis which will—

- (1) show the insurable hazards peculiar to your business, the extent to which they are now covered, and a breakdown of your insurance costs;
- (2) point out any weakness in your insurance protection;
- (3) submit recommendations which may reduce the cost of your insurance program or provide for it more efficiently.

Why not let a local representative of the Royal-Liverpool Groups demonstrate his ability to serve you by means of such a Survey and Analysis?



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When writing to advertisers please mention Credit & Financial Management

Fire Protection in Plant and Store as Aid to Credit

By Frank Arnold, Credit Manager,
Pontiac Varnish Works, Pontiac, Mich.

SFM In an excellent article published in CREDIT AND FINANCIAL MANAGEMENT for October, 1938, Mr. Clarence T. Hubbard points out that, in studying a customer's credit situation, his fire insurance coverage should be analyzed just as carefully as his financial statement.

After reading this article, every credit man will realize the importance of insuring the values on which credit is based from destruction by fire. But should not the customer's system of fire protection also receive consideration?

After all, the important thing is to prevent destructive fires. Fire insurance cushions the blow dealt by fire but does not completely deaden it. No matter how great the insurance coverage may be, every fire causes some losses that are irretrievable. And it is right that this should be the case, for insurance does not repay the community for property that has been destroyed nor for the losses caused by unemployment, and it is against public interest that fires should ever be profitable, or even self-supporting. Property owners should suffer some personal loss from every fire to prevent them from becoming careless about fires.

But such losses may affect credit. According to the Western Actuarial Bureau, 100 representative business concerns had the following experience after bad fires:

26% were unaffected as to credit rating but lost in other ways.

14% suffered a reduction of 30% to 66½% in their credit ratings.

17% furnished financial statements before the fire but not afterwards.

43% did not resume business.

It is plain, therefore, that the credit man has a real interest in his customers' fire protection methods.

The case of one large, well-known manufacturer shows what can be done in the way of fire protection. Though this company's plant represents property values well up in the millions, its annual fire losses have not exceeded \$5,000 for years, and in one recent year, though 219 fires broke out, the total property damage by fire was only \$59.95. Certainly, a company with such a fire record deserves a high credit rating!

This company's fire protection system may well serve as a model, for the principles employed apply to even the smallest industries and businesses.

There is no panic when a fire breaks out in this plant, for all employees have been taught what to do in such an emergency. Certain of the men in the group nearest the fire run at once to the nearest fire alarm box and turn in an alarm that summons the plant fire brigade; others guide any women workers present to a place of safety; and the rest seize hand fire extinguishers, which

are scattered by the thousand throughout the plant, and attack the blaze. A few minutes after the alarm is turned in, the fire brigade arrives on the scene, ready to go into action if its services are required. But upwards of 90% of the fires are extinguished by the workers before the firemen arrive.

Should the workers fail to control the fire, or should it gain sufficient headway before it is observed, automatic sprinklers come into play and the firemen use hose streams, supplied from a comprehensive system of standpipes. But because the workers usually take prompt and effective action while the fire is still small, both the fire and the water losses are usually insignificant.

This method of combating fires is supplemented by a well organized program of fire prevention, and the two together reduce the chances of a really destructive fire in this plant almost to the vanishing point.

Thousands of other industrial plants, stores, warehouses, and other business establishments are equally well protected; but in many more the facilities for fighting fires are inadequate and little attention is paid to fire prevention.

Surely, these factors affect credit and are legitimate subjects for investigation on the part of credit men.

Believes Insurance Should Be Checked By C.P.A. Audits

SFM Alfred Rothschild, Credit Manager of Weiss & Klau, Inc., New York City, representing the New York Credit Men's Association, spoke at a conference called by Attorney General John J. Bennett, Jr., of New York relative to formulating proposals to correct public accounting practices. Mr. Rothschild said the organization he represents has long sought clarification of the public accountant's function in connection with insurance as it affects the standing of the firm whose statement he is preparing.

While not expecting an accountant to make a detailed insurance survey Mr. Rothschild believes there should be a standardized or officially recommended procedure with regard to what should and should not be included in an accounting statement with reference to insurance.

"In our view," he said, "one of the functions of the C.P.A. in the case of a full audit might well include the checking of fire insurance policies against inventory and the stating of the results of that check on the statement, making it perfectly clear, however, that all that had been checked was the amount of the policies and that they were actually in force."

"It is conceivable that if such procedure had been followed in the McKesson & Robbins case, the non-existence of certain inventories listed might have been discovered much sooner than it was."

"We believe two things should be done: (1) The function of the accountant with regard to the insurance position of the firm whose statement he is preparing should be definitely determined. This function, in our view, includes such details as the checking of fire insurance policies against inventory and real estate values, the checking up

of fidelity bonds and liability policies, and the general listing of all policies along standardized lines to be agreed upon. (2) Since the accountant's work in this connection must definitely stop short of an actual detailed insurance survey, the advisability of requiring that such a survey by a qualified insurance expert be furnished in the case of all corporations whose securities are offered for sale to the general public be most carefully studied."

The American Institute of Accountants is making a study of procedure in checking insurance in audits.

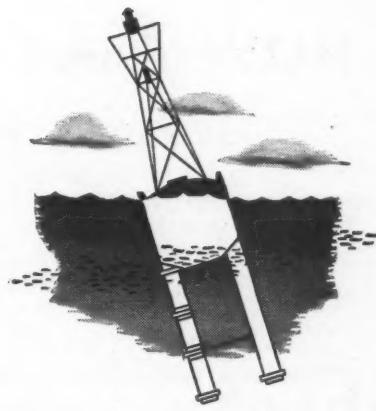
British Fire Losses Show Nearly 10% Drop in 1938

The year 1938 is expected to prove a favorable one for British fire offices compared with its predecessor. For the period of eleven months to the end of November the total losses in the British Isles were estimated at a cost of £7,-895,000 (\$39,475,000), as against £8,652,000 (\$43,260,000) for the same period of 1937. This shows a decline of £757,000 (\$3,785,000), which is unlikely to be lost through the experience of the final month of the year. Although the December figures have not yet been issued it is known that no serious fire occurred during the month.

The figures refer to direct fire losses only and do not include consequential loss, which may in some cases assume substantial proportions. Moreover, the figures are estimates of damage done and do not necessarily coincide with the insurance cover on the property destroyed.

Spending Ourselves Rich

Perhaps the greatest danger that we face in this country is inherent in the fact that we recently purchased a business recovery by the expenditure of borrowed money, and now we are in the process of buying another recovery by spending still more borrowed money. The deplorable result is that our people quite generally become convinced that government is primarily responsible for business activity. In reality it is as futile for us to believe that we can spend ourselves rich as for us to suppose that a man can drink himself sober.—COL. AYRES, *Cleveland Trust Co.*



Hidden reefs

Buoys mark the hidden reefs which peril shipping. But no signal warns of the *hidden hazards* which threaten business and financial institutions and those whom they serve.

Thus the only *safe course* lies in adequate, all-round insurance and bonding protection.

Standard of Detroit, strong and experienced, protects against financial losses consequent on personal injury, automobile accident, robbery and burglary, embezzlement, forgery, and allied hazards. A Standard agent will gladly outline a program of *sound coverage* for bank, business, or customer.

STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884

"That's Organization"

In the old stage coach days, a passenger by his admiration encouraged the driver to demonstrate his adept use of the whip, flicking a horse-fly into oblivion from a horse's rump and neatly dispatching a nearby mud-dauber.

"Can't you knock off that thing hanging from that branch up there?" asked the passenger.

"Well, I could," drawled the driver, "but it don't seem best." He spat accurately at a sunflower and concluded,

"You see, son, a horse-fly is just a horse-fly, and one mud-dauber is one mud-dauber, but a hornet's nest—well, that's an organization."—*The Leather-neck*.

Railroad Rehabilitation

America's railroads need to spend \$600,000,000 a year for the next five years for equipment, including annual purchases of 100,000 freight cars and 2,000 locomotives, states the Association of American Railroads.

Payroll Taxes Hit Wage-Earners Most

The wage-earners of the nation will bear almost the entire burden of the payroll taxes imposed by the Social Security Act for the financing of old-age benefits, the Committee on Old Age Security of the Twentieth Century Fund declares in its recently published report, "More Security for Old Age". Because the employers' 50 per cent share will be largely passed on in the form of higher prices or lower wages,

the workers will have to pay this tax indirectly, as well as the direct tax on wages.

The only way to prevent this, the report declares, is to meet part of the cost of old-age insurance out of general income taxes fixed according to each taxpayer's ability to pay.

The Twentieth Century Fund's Committee believes that a beginning should be made in this direction by confining the amount of the wage and payroll taxes to a lower rate than that now set and by providing that additional amounts needed to pay benefits

be obtained from general tax revenues.

The Committee sees no necessity for building up the huge reserve fund called for in the Act. Although reserves must be established by private insurance companies to guarantee benefit payments, the government need not do this because it can use the taxing power to meet any deficits. Old-age benefits under the Social Security Act could be paid on an annual current cost basis with a small contingency reserve, the Committee believes, instead of depending upon interest obtained from investment of a huge reserve fund in government securities.

With the reserve fund eliminated, except for a small amount maintained for contingencies, the taxes on wages and payrolls could be restricted for a much longer period of time to the 1 per cent rate now being paid.

HOW AAA-1 COMPANIES *Increase Sales and Profits by Securing Credits Under LAWRENCE SYSTEM*

MANY great corporations now gear their credits to their customers' sales abilities, *not* financial worth.

For example: Through LAWRENCE SYSTEM you might ship large orders to a distributor whose working capital is not up to his sales ability, without releasing title to the merchandise until it is paid for. Another application enables your customer to use LAWRENCE SYSTEM for financing his purchases through his own bank.

Consider this: A radio distributor, financially able to purchase about \$300,000 worth of radios per year, actually handles over \$2,000,000 worth. By using LAWRENCE SYSTEM, his banks lend him 100% of the factory invoice value of his orders, less freight. Thus, his only limit is his sales ability!

Hundreds of banks and many of America's leading manufacturers have been using LAWRENCE SYSTEM as a regular credit measure for years. For full information, write to our nearest office—and ask for the new booklet, "*Questions and Answers about Lawrence System of Creating Commodity Paper Against Inventory.*"



CREATING COMMODITY PAPER AGAINST INVENTORY

A. T. GIBSON, President

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FRESNO: 2030 Anna St. • SPOKANE: S. 155 Stevens • PORTLAND, ORE: U. S. Nat'l Bank Bldg. • HONOLULU

Thinks States Should Have Fair Trade Commissions

Uncertainties of state fair trade laws demand establishment of state administrative bodies similar to the

Federal Trade Commission, Robert Tannenbaum concludes in the current issue of the Journal of Business of the University of Chicago.

Mr. Tannenbaum's study is published in "Cost Under the Unfair Practices Acts," one of the series of "Studies in Business Administration" issued in conjunction with the Journal.

Making a detailed analysis of economic factors which brought enactment of the Robinson-Patman and Tydings-Miller Acts, Mr. Tannenbaum emphasizes conflicting elements in the fair trade laws of the 42 states which have enacted them.

He concentrates on definitions of "leader selling" and points out the sharp distinction between what he calls "leader selling,"—selling at a level above cost exclusive of operating and overhead costs—and "predatory leader selling"—selling below the actual cost to the retailer of the product.

While there are many who question the advisability of laws prohibiting sales below a fixed figure, believing that such laws are economically unsound and impracticable, Mr. Tannenbaum says, he assumes the desirability of such laws has been established and the question now is to decide the man-

ner in which such a prohibition should be effected.

Tannenbaum criticizes the present acts on the following grounds:

"Their definitions of cost in most cases are vague.

"They attempt to regulate by a blanket prohibition many unlike industries composed of many unlike firms.

"They leave to the slow process of judicial interpretation the giving of content and meaning to their uncertain provisions.

"They are unalterable except by amendment.

"Most serious of all, if applied indiscriminately, they may produce unexpected consequences."

To clarify the present muddled situation and make the laws efficacious, Tannenbaum recommends enactment of legislation that declares price-cutting is prohibited as contrary to the public interest. This legislation must carefully define the practice, he contends.

"A state administrative body similar to the Federal Trade Commission should be established," he continues, "and charged with the administration and enforcement of the law. This body should be constituted with the aim of attaining impartiality.

"The general principles which are to control the actions of such a body should be carefully stated and should not be so rigid as to prevent a flexible application of the law."

The most important factor, Tannenbaum says, is to define loss-leader selling and he suggests a definition "as sales at a price below the costs of the most efficient operator in the market."

"The administrative body might then be charged, among other things," he concludes, "with the task of determining for each industry, who the most efficient operator is and what his costs are.

"Such findings could be changed from time to time as conditions warranted.

"The body might also be given power to settle any dispute arising between firms coming under the provisions of the law, to establish such rules and regulations as are necessary to carry out the purpose of the law, and to enforce its general provisions."

Tannenbaum concedes that "such a suggestion is general," but, he says, "it should be sufficient to indicate the possibilities of a more intelligent approach to price legislation—one not involving the ambiguities, uncertainties and in-

flexibilities found in the acts. For, if such legislation is deemed desirable and if it is to prove successful, the device employed to carry out its intents must be such as to make it dynamic and adaptable to the multiplicity of conditions under which it must apply."

Hire-Purchase Contracts to Be Under British Law

The first British statute dealing specifically with hire-purchase agreements in England became effective on January 1, 1939. The Act applies only to England and Wales and is restricted to hire-purchase agreements and credit sale agreements in which the purchase price does not exceed £100 (approximately \$475.00) with a few exceptions, according to the Department of Commerce.

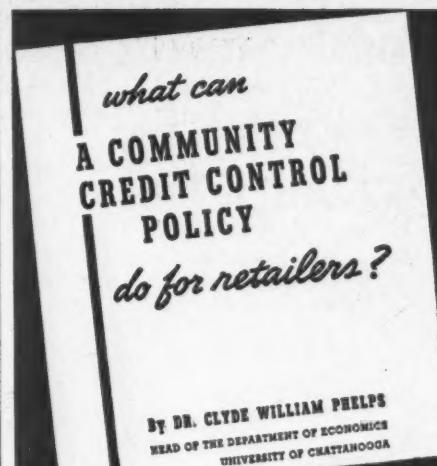
This important statute is fully discussed by J. H. Barkmeier, Division of Commercial Laws, Bureau of Foreign and Domestic Commerce, in the March number of the *Comparative Law Series* published by the Department.

The March *Comparative Law Series* contains several other interesting and timely articles including "The Court System in the Soviet Union; the Palestine Trade Mark Law; New Immigration Requirements of Cuba; Argentine Regulation of Power and Light Companies; and Commercial Arbitration in Greece." There are brief legal notes from Argentina, Australia, Czechoslovakia, Germany, Great Britain and the Union of South Africa. Exporters and attorneys should find much of interest in the March number of the *Comparative Law Series*, it was stated.

ANNOTATIONS ON SMALL LOAN LAWS. By F. B. Hubachek. Russell Sage Foundation, New York. \$3.00.

Based on the sixth draft of the uniform small loan law, this is a treatment of judicial decisions involving the validity and interpretation of small loan laws, with a critical analysis of certain devices often used for the evasion of usury laws.

The average American consumes six quarts of ice cream a year.—"National Grocers Bulletin."



This Free Book gives the answer

Can a community credit control policy help your retailer customers cut their credit costs? In this free book you can read what such a policy has already accomplished for retailers in Cincinnati, Detroit, and other cities.

Here Dr. Phelps, the well known credit authority, explains the different policies adopted, tells how they work, and reports the benefits they have brought.

What others have done

In Detroit the collection percentages rose over a couple of years by 20 to 25 points. There was a marked reduction in credit losses and capital tied up in outstandings was cut down.

In Cincinnati the average collection percentage of cooperating stores has reached a higher figure than during the boom period of 1928-29. The policy has reduced bookkeeping and collection costs, and cut bad debt losses.

How to create policy

This booklet also reports the results obtained in other cities. In a concluding chapter you will learn how to create a community credit policy and how to put it into operation. The policy should bring just as many benefits in your city as it has in others. Household Finance has published Dr. Phelps' booklet as a contribution to better credit methods. Copies for distribution to your customers will be supplied for mailing costs only. The coupon will bring you a free copy without obligation.

See Household's interesting exhibit "Stretching Your Dollar" at the New York World's Fair

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Please send me free copy of "A Community Credit Control Policy." This request places me under no obligation.

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Address.....

City..... State.....

Forthcoming Biography of Senator Carter Glass Should be Read by Every Business Man

CARTER GLASS—A Biography. By Rixey Smith and Norman Beasley. To be published at the end of April by Longmans, Green & Co., 114 Fifth avenue, New York City. \$3.

SHere's a biography which should be on the "must" reading list of every financial executive. The Hon. Carter H. Glass, senior United States Senator from Virginia, undoubtedly has had a stronger influence on Federal legislation and governmental action affecting business finances than any other statesman since Alexander Hamilton. N.A.C.M. "oldsters" still thrill with pleasure as they recall the successful fight made by Senator Glass for the Federal Reserve Act. Since that memorable victory, there has been no legislation affecting money and credit which has not been largely influenced by Senator Glass.

When a State Senator in Virginia, Carter Glass served on the Committee of Finance, and had been in Congress hardly a year and a half when he was appointed to the influential Committee on Banking and Currency. From that day, April 1, 1904, to this, he has watched over, slaved over, guided and guarded and reformed the banking, credit and currency systems of the nation with the ability and care of genius and a patriotism vital with the conviction that "eternal vigilance is the price of liberty."

The opening of the files of so important a public man has brought to light extraordinary revelations with regard to behind-the-scenes events and the personal opinions of men in positions of power during momentous times. Letters and cables, both official and private, from the files of the Treasury and from Glass's own files, personal notes from his diaries, also authentic conversations, all provide exciting reading.

There are communications between Glass and Wilson, Harding, Coolidge, Hoover, Roosevelt, House, Bryan, Newton D. Baker, McAdoo, Huey Long, and many others.

From these revealing documents we learn:

What representatives of the banking interests tried to vitiate the purposes of the Federal Reserve Act and

how such influences affected Wilson, Bryan, McAdoo, and House.

Who helped to define our position with regard to post-war economic problems and what policy was urged on Wilson and the American Peace Commission abroad.

Whether Wilson desired a third term.

What the relations between Roosevelt, Hoover, and Glass were and what actually went on in the banking crisis of 1933.

Why Glass declined the Treasury post in Roosevelt's cabinet.

Who first proposed crop restriction.

How Glass views the New Deal. Carter Glass was born eighty years ago, in 1858. His life sweeps from the Civil War to the present—through Reconstruction, through the years of expansion and empire-building, through the World War, through the boom days of the twenties and the depression days of the thirties. One half of those eighty years has been spent in the service of the people of the United States and in the exercise of this term of office the name of Glass has become a byword for courage, intelligence, perseverance and integrity.

He has had a directing voice in the Democratic Party Platforms of 1920, 1924, 1928 and 1932 and been Senator from Virginia since 1920. Through the years since 1920, he has been a fearless member of the Opposition. As early as 1921 he was prophesying the calamitous results of stock market manipulations and the failure of the country to return to a sound economic basis after the war.

And since 1932, he has been in the Opposition, not because he has left his party, but because he feels his party has left the Jeffersonian principles which are its heritage; and he believes the course the Party has taken since 1932 is responsible for a recession in public morality and official integrity.

Rixey Smith, who has been secretary to Senator Glass since 1922, and Norman Beasley, experienced and able author, have joined forces to write an exciting and triumphant life of a man who has accomplished so much.

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The business thermometer:

Manufacturers:

Manufacturers' sales for February 1939 increased nine per cent over last February according to information received from 1,679 manufacturers in the monthly survey by the Bureau of the Census, Department of Commerce, and the National Association of Credit Men.

Total sales of these manufacturers during February of this year amounted to 278 million dollars as compared with a sales volume of 255 million dollars in February of last year and 283 million dollars during January 1939. This is the fourth consecutive month sales have shown an increase over the same month a year ago.

Increases over February of last year were recorded for all industry groups for which data are shown separately with the exception of Petroleum Products, Printing, Publishing and Allied Industries, and Paper and Allied Products, which show decreases of 7.2 per cent, 1.3 per cent, and 0.7 per cent,

respectively. Iron and Steel Products, Motor-vehicle Parts, Rubber Products, and Nonferrous Metals, show the greatest relative improvement over February 1938, the increases being 42.7 per cent, 40.3 per cent, 38.3 per cent, and 32.3 per cent, respectively. Other industry increases range from 20.7 per cent for Chemicals and Allied Products to 0.1 per cent for Machinery, not including Transportation Equipment.

Collections during February amounted to 77 per cent of total accounts receivable outstanding on February 1, 1939. The comparable ratio was 73 per cent for February 1938 and 81 per cent for January 1939. The increases in the collection ratio from last year were well distributed throughout the major industry groups. All groups show increases except Printing, Publishing and Allied Industries, and Petroleum, which decreased from 64 per cent to 61 per cent and from 101 per cent to 96 per cent, respectively. The Machinery group showed no

change.

The total volume of accounts receivable outstanding on February 1, 1939, was nearly six per cent above the level of February 1, 1938. Iron and Steel again showed the only exceptional gain, the increase being 28.4 per cent.

Wholesalers:

Sales of 3,180 wholesalers representing all parts of the country increased 4.3 per cent in February over the same month a year ago, it is revealed in the monthly survey by the Bureau of the Census, Department of Commerce, and the National Association of Credit Men. Sales of these wholesalers during February—with three fewer working days—were off 4.0 per cent from January. February sales of the reporting group amounted to \$183,999,000.

The increase of 4.3 per cent for February over a year ago parallels closely the gain of 4.4 as shown in last

MANUFACTURERS' sales and collections on accounts receivable, February 1939

Industry	Dollar Sales			Number of firms reporting credit data	Collection Percentages*			Total Accounts Receivable			
	Number of firms reporting sales	Percent change Feb. 1939 from Feb. 1938			Feb. 1939	Feb. 1938	Jan. 1939	Percent change Feb. 1, 1939 from Feb. 1, 1938	As of Feb. 1, 1939 (000's)		
		Feb. 1938	Jan. 1939								
Food and kindred products, total.....	418	+ 0.9	- 1.8	\$55,579	295	111	108	+ 11.1	- 5.7	\$41,824	
Confectionery.....	202	+ 0.4	+ 2.6	16,697	115	124	123	- 0.4	+ 0.2	8,262	
Flour, cereals and other grain mill products.....	30	- 14.3	- 7.7	5,385	26	139	135	- 22.1	+ 1.1	3,764	
Meat packing.....	29	+ 7.5	+ 3.7	7,414	27	162	173	+ 10.1	+ 0.9	3,306	
Distilled liquors.....	8	+ 7.4	- 15.9	2,529	7	63	60	+ 10.5	- 20.5	4,772	
Malt liquors.....	12	+ 3.8	- 0.1	5,125	11	132	131	+ 10.6	- 3.5	3,886	
Wine.....	26	+ 16.3	- 5.7	828	17	56	48	- 7.5	- 27.6	1,571	
Other food products.....	111	+ 1.8	- 8.2	17,601	92	102	95	- 1.6	- 2.8	16,263	
Textiles and their products, total.....	123	+ 6.1	+ 3.6	22,267	113	66	60	- 2.9	- 0.9	28,803	
Clothing, men's, except hats.....	32	- 3.8	+ 31.5	3,328	28	49	46	- 6.6	- 11.4	4,822	
Clothing, women's, except millinery.....	18	- 10.0	+ 27.1	853	16	67	63	- 10.1	- 3.4	964	
Knit goods.....	10	- 2.3	+ 20.0	1,836	10	69	64	- 0.5	- 21.7	2,071	
Other textile products.....	63	+ 10.5	- 3.0	16,250	59	70	63	- 1.9	- 0.1	20,946	
Forest products, total.....	74	+ 13.5	+ 14.8	4,267	68	61	58	+ 2.6	- 2.4	5,722	
Furniture.....	41	+ 7.4	+ 17.4	2,731	37	55	55	- 0.7	- 3.3	3,968	
Lumber, timber, and other miscellaneous forest products.....	33	+ 26.4	+ 10.6	1,536	31	72	67	+ 11.1	- 0.3	1,754	
Paper and allied products, total.....	109	- 0.7	- 2.7	15,881	98	75	74	- 0.7	+ 1.8	19,713	
Paper, writing, books, etc.....	27	+ 3.0	- 4.9	5,076	18	86	91	+ 12.5	- 0.9	5,535	
Paper, boxes and other paper products.....	60	- 0.9	+ 3.1	8,980	59	96	99	+ 0.5	- 5.5	8,927	
Wall paper.....	22	- 9.1	- 20.0	1,825	21	27	33	- 13.1	+ 21.2	5,251	
Printing, publishing and allied products.....	64	- 1.3	- 10.8	1,941	61	61	64	+ 4.4	- 1.6	3,646	
Chemicals and allied products, total.....	125	+ 20.7	- 2.7	13,308	114	66	59	+ 14.8	+ 7.3	20,000	
Pharmaceuticals and proprietary medicines.....	24	+ 6.9	- 11.1	2,031	23	67	65	+ 3.4	+ 2.0	3,054	
Paints and varnishes.....	61	+ 6.6	- 10.0	2,992	58	46	43	+ 13.2	+ 9.7	7,511	
Other chemical products.....	40	- 31.1	+ 2.7	8,285	23	82	71	+ 20.4	+ 7.3	9,435	
Petroleum.....	15	- 7.2	- 8.1	35,884	13	96	101	- 3.5	- 5.5	26,017	
Rubber products.....	16	+ 38.3	- 4.1	2,638	15	47	43	+ 7.0	+ 3.3	5,241	
Leather and its products, total.....	104	+ 14.8	+ 4.3	17,776	92	55	51	+ 11.2	+ 17.3	25,804	
Boots and shoes.....	40	+ 11.9	+ 4.4	10,500	36	39	40	+ 8.0	+ 25.1	17,948	
Leather: tanned, curried, and finished.....	39	+ 17.7	+ 3.6	6,459	34	93	81	+ 18.2	+ 4.1	8,868	
Other leather products.....	25	+ 34.2	+ 8.6	817	22	72	70	+ 29.0	+ 6.9	988	
Stone, clay and glass products.....	60	+ 14.3	+ 0.5	7,506	56	74	71	+ 4.2	- 0.7	9,531	
Iron and steel and their products, total.....	169	+ 42.7	- 2.5	42,635	159	86	78	+ 28.4	+ 2.0	50,813	
Hardware.....	16	+ 27.9	+ 1.4	2,070	15	76	69	+ 7.6	+ 10.8	2,406	
Stoves, ranges, steam heating apparatus.....	24	+ 1.9	+ 7.4	1,830	24	58	58	- 0.1	- 4.5	3,084	
Other iron and steel products.....	129	+ 46.4	- 3.1	38,735	120	88	80	+ 32.3	- 2.0	45,323	
Non-ferrous metals and their products, total.....	56	+ 32.3	+ 8.5	9,756	51	70	63	+ 13.3	- 11.0	12,581	
Jewelry and jewelers' supplies.....	29	+ 31.8	+ 13.0	4,525	26	62	58	+ 15.9	- 25.7	6,061	
Other non-ferrous metals.....	27	+ 32.7	+ 4.8	5,231	25	76	67	+ 10.9	+ 8.9	6,520	
Machinery, not including transportation equipment, total.....	217	+ 0.1	- 2.7	33,810	102	58	58	- 0.8	- 1.9	47,526	
Electrical machinery, apparatus and supplies.....	101	+ 6.0	- 5.4	21,642	87	58	57	+ 3.3	- 2.7	31,808	
Other machinery, apparatus and supplies.....	116	- 8.8	+ 2.5	12,168	106	60	58	- 8.0	- 0.4	15,718	
Motor-vehicle parts.....	51	+ 40.3	- 10.0	5,366	48	82	68	+ 16.1	+ 1.7	7,559	
Miscellaneous industries.....	78	+ 7.3	+ 2.3	9,336	67	71	70	+ 2.3	- 7.3	12,547	
Total.....	1,679	+ 9.0	- 1.7	277,920	1,442	77	73	81	+ 5.9	- 0.7	317,327

*Collection percentages are obtained by dividing collections by accounts receivable for an identical group of firms.

month's report for January 1939 over January 1938, thus showing a consistent increase for the first two months of this year over the corresponding period of 1938.

Twenty-four of the thirty lines of trade for which data are shown separately in the following tables recorded increases over February a year ago while six show decreases. Trades showing the largest gain are: Chemicals (39.3%), Leather and Shoe Findings (31.1%), Jewelry and Optical

Goods (30.8%), Electrical Goods (17.7%), and Industrial Supplies (17.5%). The greatest decreases were recorded by Farm Supplies (21.1%) and Wines and Liquors (21.0%).

Cost value of stock on hand at the end of February, for the 1,888 wholesalers reporting this information, was 9.4 per cent less than a year ago but 1.3 per cent higher than at the beginning of the month. Twenty-three of the trades show a decrease from Feb-

ruary 1938. Higher sales level this February coupled with a decrease in inventories is reflected in a substantial decrease in the stock-sales ratio. This ratio was 192 per cent for last month as compared with 217 per cent for February 1938.

Detailed figures are presented in the following tables. No data are adjusted for seasonal influences, or for the number of trading days in the months.

WHOLESALEERS' sales and inventories, February 1939

Kind of Business	Dollar Sales			End of Month Inventories (Cost)			Stock-Sales Ratio*				
	Number of firms reporting sales	Percent change Feb. 1939 from Feb. 1938 (000's)		Number of firms reporting stocks	Percent change Feb. 1939 from Feb. 1938 (000's)		Feb. 28, 1939 (000's)	Feb. 1939	Feb. 1938		
		Feb. 1938	Jan. 1939		Feb. 1938	Jan. 1939					
Automotive supplies.....	221	+15.4	-0.1	\$2,718	107	-7.1	+0.7	\$4,288	296	378	286
Chemicals.....	12	+39.3	+7.8	556	7	-2.4	+1.0	206	58	91	68
Paints and varnishes.....	40	+1.5	-4.1	1,319	15	-9.6	+0.2	603	361	404	374
Clothing and furnishings, except shoes.....	57	-5.9	+48.3	2,590	33	-6.9	-5.5	1,488	223	226	311
Shoes and other footwear.....	44	+2.0	+1.2	10,106	27	-7.9	+2.6	8,315	175	160	180
Coal.....	13	+10.6	-7.3	3,247	—	—	—	—	—	—	—
Drugs and drug sundries#.....	72	+5.0	-9.4	7,605	45	-4.3	+0.3	9,717	216	233	195
Dry goods.....	145	+5.7	-3.4	9,104	88	-13.1	+4.0	18,433	290	348	270
Electrical goods.....	369	+17.7	+7.0	15,120	300	-17.8	+7.2	18,079	137	198	138
Farm products—consumer goods.....	124	-8.2	-8.5	4,213	84	+8.5	-9.8	1,386	51	47	55
Farm supplies.....	7	-21.1	-10.3	504	—	—	—	—	—	—	—
Furniture and house furnishings.....	56	+11.2	+9.1	2,533	32	-16.6	+4.1	4,682	261	347	270
Groceries and foods, except farm products.....	804	-2.5	-6.5	47,816	448	-8.6	-2.6	45,477	168	177	161
Meats and meat products.....	75	+13.2	-9.2	11,651	49	+14.7	-1.4	1,615	52	50	53
Wines and spirituous liquors.....	29	-21.0	-2.3	2,451	22	-1.5	-1.5	4,985	223	175	218
Total hardware.....	465	+9.5	-6.0	27,854	289	-8.1	+4.3	48,000	345	401	324
General hardware.....	165	+8.1	-6.9	19,961	99	-8.1	+5.1	33,872	383	431	361
Heavy hardware.....	22	+2.5	-2.1	523	17	-6.0	-1.0	1,726	374	411	373
Industrial supplies*.....	131	+17.5	-2.8	4,010	80	-10.7	+3.1	7,485	273	353	257
Plumbing and heating supplies.....	147	+10.2	-4.8	3,360	93	-4.3	+3.2	4,917	262	310	243
Jewelry and optical goods.....	53	+30.8	+49.2	1,235	28	-17.1	+13.8	2,818	455	680	569
Lumber and building materials.....	44	+7.1	-0.9	1,700	24	+0.3	+0.6	2,726	269	277	261
Machinery, equipment and supplies, except electrical.....	79	-5.5	+1.7	1,967	51	-11.7	+1.4	4,480	298	303	303
Surgical equipment and supplies.....	32	+6.9	-3.2	508	18	+3.4	+2.9	640	195	204	186
Metals.....	23	+16.3	-5.9	1,970	14	-19.1	+0.2	3,439	242	360	218
Paper and its products.....	106	+3.5	-7.1	4,051	52	-8.5	+0.6	3,848	186	206	176
Petroleum.....	16	+10.1	-11.0	4,772	11	-5.4	-3.6	1,512	83	89	78
Tobacco and its products.....	190	+1.6	+0.5	12,404	75	-7.1	-2.3	4,171	63	69	66
Leather and shoe findings.....	11	+31.1	+5.8	219	—	—	—	—	—	—	—
Miscellaneous.....	93	+8.5	-16.5	5,786	69	-4.0	-7.0	9,140	142	155	130
Total.....	3,180	+4.3	-4.0	183,999	1,888	-9.4	+1.3	200,555	192	217	185

*This heading also includes distributors of mill, mine and steam supplies.

#Insufficient data to show separately.

#These Stock-Sales Ratios are percentages obtained by dividing Stocks by Sales for an identical group of firms.

†Total Sales, including liquors, wines, etc.

WHOLESALEERS' accounts receivable and collections, February 1939

Kind of Business	Number of firms reporting	Collection Percentages*			Total Accounts Receivable		
		Feb. 1939	Feb. 1938	Jan. 1939	Percent change February 1, 1939 from		As of Feb. 1, 1939 (000's)
					Feb. 1, 1938	Jan. 1, 1939	
Automotive supplies.....	167	60	58	60	+3.9	-5.3	3,124
Chemicals.....	12	81	74	78	+7.0	-1.4	551
Paints and varnishes.....	36	47	49	49	+5.4	+3.8	2,628
Clothing and furnishings, except shoes.....	49	43	41	50	-10.0	-2.1	4,031
Shoes and other footwear.....	41	38	35	46	+4.7	+10.2	10,327
Coal.....	13	69	67	72	+2.9	+1.5	4,004
Drugs and drug sundries.....	58	73	72	77	+3.4	-4.2	8,655
Dry goods.....	127	42	41	48	0.0	-1.2	18,453
Electrical goods.....	328	66	64	68	-1.0	-9.9	19,478
Farm products (consumer goods).....	91	131	138	136	-4.6	-5.9	2,408
Farm supplies.....	6	103	91	137	-7.3	+31.4	406
Furniture and house furnishings.....	46	51	50	55	+11.6	-2.4	4,382
Groceries and foods, except farm products.....	622	90	90	96	-2.7	+0.4	41,393
Meats and meat products.....	58	169	168	187	+14.3	+1.5	6,637
Wines and spirituous liquors.....	27	92	96	116	-10.3	-16.0	2,796
Total hardware group.....	416	48	46	52	+0.8	-2.3	37,848
General hardware.....	148	45	42	50	-1.8	-2.4	25,045
Heavy hardware.....	24	56	53	59	-0.4	+4.3	846
Industrial supplies*.....	111	58	58	58	+7.2	-1.8	5,671
Plumbing and heating supplies.....	133	60	50	52	+6.7	-3.1	6,286
Jewelry and optical goods.....	43	23	21	51	-8.2	-41.7	3,876
Lumber and building materials.....	41	56	54	59	+8.6	-5.8	2,567
Machinery, equipment and supplies, except electrical.....	68	47	48	48	-4.3	+1.8	3,404
Surgical equipment and supplies.....	31	45	44	46	+5.2	+1.0	1,080
Metals.....	20	77	70	72	+2.2	-1.1	2,244
Paper and its products.....	82	59	60	59	+5.1	+2.2	5,921
Petroleum.....	13	79	79	86	+2.1	-6.3	3,781
Tobacco and its products.....	112	113	113	118	+2.2	-9.1	7,768
Leather and shoe findings.....	9	31	31	34	-3.8	+2.3	569
Miscellaneous.....	67	87	73	92	-0.4	-3.6	6,413
Total.....	2,583	69	67	74	-0.2	-3.9	205,564

*Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.

**This heading also includes distributors of mill, mine and steam supplies.

WHOLESALEERS' sales and inventories, by geographic regions, February 1939

Kind of Business and Region	February Dollar Sales			End of Month Inventories (Cost)			Stock-Sales Ratios ^f		
	Number of firms reporting sales	Percent change Feb. 1939 from Jan. 1939	Feb. 1939 (000's)	Number of firms reporting stocks	Percent change Feb. 1939 from Jan. 1939	Feb. 1939 (000's)	Feb. 1939	Feb. 1938	Jan. 1939
New England.....	198	+ 6.7	- 3.7	\$10,205	115	- 6.5	+ 1.9	\$7,685	145
Electrical goods.....	38	+23.4	+ 4.1	1,067	30	- 9.4	- 0.8	1,161	147
Groceries and foods, except farm products.....	38	+ 1.7	- 6.6	2,078	18	-11.5	- 4.5	961	178
Heavy hardware.....	5	+17.9	-10.8	66	—	—	—	—	—
Industrial supplies*.....	17	+22.6	- 1.9	309	13	- 7.1	- 0.9	873	333
Plumbing and heating supplies.....	9	0.0	-12.2	129	5	-11.7	+ 1.6	318	379
Tobacco and its products.....	19	- 1.5	- 0.3	1,475	5	+ 5.6	- 2.6	75	71
Middle Atlantic.....	704	+ 3.9	- 3.9	45,421	395	- 8.6	- 0.6	38,882	165
Automotive supplies.....	31	+29.6	- 4.4	477	16	-12.6	+ 1.3	790	265
Paints and Varnishes.....	7	-21.2	0.0	41	—	—	—	—	—
Clothing and furnishings, except shoes.....	26	- 7.0	+47.1	1,949	12	-18.1	+13.5	413	177
Shoes and other footwear.....	11	+19.4	+33.8	808	5	+10.6	- 0.8	1,715	286
Drugs and drug sundries.....	11	+ 8.8	-12.0	2,104	7	- 2.2	+ 0.7	1,257	135
Dry goods.....	55	+12.4	+ 0.2	2,883	28	-10.4	+ 2.4	4,097	273
Electrical goods.....	79	+ 4.9	+ 1.8	2,912	68	-15.9	+ 7.3	3,878	142
Farm products—consumer goods.....	22	-22.3	-17.0	1,100	15	+19.4	-38.5	185	31
Groceries and foods, except farm products.....	121	- 0.4	- 7.3	9,748	49	-10.5	- 3.2	5,463	148
General hardware.....	35	+ 7.3	+ 6.2	1,463	16	- 9.1	+ 5.3	2,970	443
Heavy hardware.....	7	+ 3.3	+ 0.7	281	6	+ 2.0	- 3.2	691	350
Industrial supplies*.....	34	+ 3.9	- 1.1	903	22	-12.9	- 0.4	1,645	217
Plumbing and heating supplies.....	54	+10.6	- 4.6	947	35	- 9.6	+ 2.7	1,388	215
Jewelry and optical goods.....	21	+27.2	+29.2	398	13	-16.3	+ 9.3	1,476	507
Lumber and building materials.....	11	+ 7.9	+ 6.9	449	—	—	—	—	—
Metals.....	5	+ 6.9	- 9.1	957	—	—	—	—	—
Paper and its products.....	32	+ 5.8	- 7.0	1,472	13	- 0.5	+ 3.9	1,035	137
Petroleum.....	6	+16.1	-14.8	2,436	—	—	—	—	—
Tobacco and its products.....	51	- 4.2	+ 1.0	4,433	26	-10.4	- 2.0	2,148	61
East North Central.....	616	+ 7.6	- 0.9	29,370	371	- 9.5	+ 3.3	37,253	199
Automotive supplies.....	52	+23.2	- 3.9	467	27	- 6.2	+ 1.6	916	296
Paints and varnishes.....	14	- 3.3	+19.6	116	7	-14.1	0.0	256	337
Drugs and drug sundries.....	13	+ 0.3	- 7.7	1,061	8	- 4.2	- 0.2	1,324	192
Dry goods.....	13	+ 3.1	+ 0.6	700	9	- 9.3	+ 6.3	2,098	284
Electrical goods.....	64	+20.2	+ 8.5	3,054	50	-13.8	+12.1	3,639	138
Farm products—consumer goods.....	25	+ 5.4	+ 1.6	649	15	+ 0.6	+ 1.1	177	53
Groceries and foods, except farm products.....	127	+ 0.9	- 6.1	8,240	71	- 9.1	+ 0.2	7,897	167
Meats and meat products.....	19	+10.8	- 4.5	1,057	14	+ 4.7	- 1.6	421	52
General hardware.....	21	+ 1.5	+ 1.5	2,163	16	- 8.5	+ 4.8	8,012	397
Industrial supplies*.....	28	+15.6	- 7.4	1,069	18	-15.6	- 0.9	2,556	295
Plumbing and heating supplies.....	26	+ 4.8	- 6.3	628	17	- 3.4	+ 0.5	1,261	312
Jewelry and optical goods.....	16	35.4	+58.3	505	8	-21.8	+27.7	834	456
Lumber and building materials.....	9	+12.6	- 4.8	260	5	- 0.8	+ 5.3	513	327
Machinery, eqpt., and supplies, except elec.	18	- 5.5	+ 1.2	327	15	- 4.7	+ 2.1	492	180
Surgical equipment and supplies.....	8	+14.6	+ 2.1	243	—	—	—	—	—
Metals.....	10	+29.4	- 2.8	669	6	-30.6	- 1.1	1,050	271
Paper and its products.....	28	+ 1.6	- 5.7	1,350	16	-14.7	+ 1.8	1,145	164
Tobacco and its products.....	52	+ 7.9	+ 0.7	3,006	23	+ 3.1	- 0.8	887	54
West North Central.....	351	- 0.6	- 7.3	24,808	231	-12.8	+ 2.9	33,631	202
Automotive supplies.....	23	+ 7.7	+ 4.3	337	10	- 5.5	+ 1.5	602	367
Clothing and furnishings, except shoes.....	8	+15.2	+55.6	140	6	-12.0	- 5.0	132	153
Drugs and drug sundries.....	8	- 0.3	- 7.7	967	6	- 7.0	+ 1.1	1,501	246
Dry goods.....	10	+ 4.4	-10.9	1,445	9	-20.3	+ 7.6	3,955	285
Electrical goods.....	42	+22.7	+13.7	1,795	36	-19.8	+11.1	1,903	122
Farm products—consumer goods.....	13	+ 5.4	+ 0.6	351	11	- 1.3	-12.4	145	51
Furniture and house furnishings.....	8	+11.7	+ 9.0	742	6	-28.2	+ 4.7	1,954	272
Groceries and foods, except farm products.....	112	- 1.2	- 8.0	6,004	76	- 6.2	- 3.3	9,230	199
General hardware.....	13	+ 0.9	+ 4.0	2,060	12	- 7.6	+ 9.5	6,052	337
Industrial supplies*.....	10	+85.3	+40.0	252	5	- 1.3	+ 0.7	302	197
Plumbing and heating supplies.....	12	+ 5.8	-10.1	294	5	- 7.9	+ 4.5	399	384
Lumber and building materials.....	5	- 2.4	+ 3.5	207	—	—	—	—	—
Machinery, eqpt., and supplies, except elec.	7	+ 3.5	-11.9	118	—	—	—	—	—
Paper and its products.....	8	+ 4.1	+ 4.1	178	—	—	—	—	—
Tobacco and its products.....	15	+ 2.6	+ 1.6	976	9	+ 4.8	- 0.7	677	86
South Atlantic.....	362	+ 4.6	- 1.7	15,040	199	- 5.9	+ 1.4	16,628	174
Shoes and other footwear.....	6	+16.6	+33.0	1,277	—	—	—	—	—
Drugs and drug sundries.....	11	+ 5.8	- 9.4	833	5	- 7.3	+ 1.4	962	207
Dry goods.....	14	- 0.1	+ 3.7	787	8	-16.0	+ 2.0	1,177	300
Electrical goods.....	49	+33.9	+ 6.8	2,010	41	-15.7	+ 4.9	2,246	119
Farm products—consumer goods.....	18	- 7.4	- 7.0	427	9	+ 4.8	0.0	88	43
Groceries and foods, except farm products.....	120	- 4.6	- 4.3	4,213	52	- 8.0	+ 0.9	3,196	156
General hardware.....	29	- 3.4	-17.2	1,352	15	- 0.6	+ 2.2	2,999	437
Industrial supplies*.....	14	+28.0	- 2.9	302	7	+ 1.2	+ 5.7	518	228
Paper and its products.....	11	+ 7.6	- 5.5	398	6	-16.8	- 4.6	417	207
Tobacco and its products.....	17	+ 0.1	- 4.0	836	5	+ 2.4	+ 2.4	128	69
East South Central.....	170	+ 8.5	- 8.3	14,375	86	- 5.3	+ 2.2	8,839	221
Dry goods.....	14	- 8.4	- 9.6	684	9	- 5.1	+10.3	1,532	297
Electrical goods.....	16	+61.5	+28.7	457	11	- 6.0	- 3.8	457	112
Groceries and foods, except farm products.....	60	- 6.5	- 3.8	2,450	21	-10.5	+ 0.9	1,629	166
General hardware.....	17	+14.3	-12.6	8,733	11	-10.2	+ 2.3	2,935	351
Industrial supplies*.....	8	+14.4	- 7.2	206	—	—	—	—	—
West South Central.....	255	- 1.7	- 4.0	12,763	174	- 6.9	+ 1.3	20,825	235
Drugs and drug sundries.....	12	- 1.3	- 5.4	1,333	9	- 3.4	- 0.3	3,466	290
Dry goods.....	12	+ 0.2	- 4.5	1,178	11	-10.3	+ 0.7	3,248	302
Electrical goods.....	24	- 4.2	+ 6.8	484	17	- 8.3	+20.4	520	136
Groceries and foods, except farm products.....	130	- 3.9	- 5.4	6,350	94	- 6.3	- 2.6	7,902	182
General hardware.....	15	+11.0	-10.5	979	9	+ 2.4	+ 5.3	1,815	300
Tobacco and its products.....	10	- 0.6	+ 1.9	330	—	—	—	—	—
Mountain.....	131	0.0	- 0.8	5,619	94	-11.7	+ 1.5	9,420	240
Automotive supplies.....	8	+18.1	- 3.4	85	4	-11.1	0.0	185	385
Electrical goods.....	14	+13.7	+24.5	482	11	+ 5.5	+ 5.7	611	134
Groceries and foods, except farm products.....	40	- 4.6	- 3.8	1,921	34	-16.8	- 0.8	3,213	211
General hardware.....	10	+ 2.3	+ 0.4	725	7	- 8.6	+ 2.3	1,846	399
Plumbing and heating supplies.....	5	+19.6	- 9.2	128	—	—	—	—	—
Tobacco and its products.....	5	+ 1.1	- 7.7	181	—	—	—	—	—
Pacific.....	397	+ 3.6	- 4.0	22,202	221	-10.9	- 0.8	27,202	199
Automotive supplies.....	72	+ 9.3	+ 3.5	980	32	- 5.4	- 1.9	1,333	310
Shoes and other footwear.....	6	- 2.9	+31.1	135	5	+ 8.5	+ 5.1	370	287
Dry goods.....	19	+16.9	- 5.1	997	11	-11.1	- 2.3	1,383	265
Electrical goods.....	43	+14.6	+ 3.1	2,859	36	-29.7	+ 4.7	3,664	154
Farm products—consumer goods.....	25	- 0.4	- 5.0	1,137	17	+ 9.2	- 1.6	688	71
Furniture and house furnishings.....	10	+14.0	- 2.2	479	—	—	—	—	—
Groceries and foods, except farm products.....	56	- 6.6	- 8.4	6,812	33	- 7.3	- 6.9	6,496	135
Meats and meat products.....	9	+22.5	- 0.1	1,035	—	—	—	—	—
General hardware.....	20	+ 1.3	- 3.3	2,345	11	-12.5	+ 4.5	6,306	437
Industrial supplies*.....	12	+ 4.2	- 5.5	172	7	+ 3.9	+ 1.1	266	227
Plumbing and heating supplies.....	16	+20.5	+ 2.1	641	7	0.0	+12.9	549	249
Lumber and building materials.....	12	+ 6.0	- 7.8	423	7	+ 7.0	- 1.7	685	316
Machinery, eqpt., and supplies, except elec.	16	+ 9.2	- 9.0	213	8	+ 4.8	+ 1.9	440	396
Surgical equipment and supplies.....	5	+25.5	- 2.8	69	—	—	—	—	—
Paper and its products.....	9	+ 3.7	-22.7	170	5	+ 0.2	+ 1.2	500	403
Tobacco and its products.....	17	+12.0	+ 3.4	1,081	—	—	—	—	—

*This heading also includes distributors of mill, mine and steam supplies.

-Insufficient data to show separately.

^fThese Stock-Sales Ratios are percentages obtained by dividing Stocks by Sales for an identical group of firms.

WHOLESALE ACCOUNTS RECEIVABLE AND COLLECTIONS, BY GEOGRAPHIC REGIONS, FEBRUARY 1939

Kind of Business and Region	Number of firms reporting	Collection Percentages*			Total Accounts Receivable		
		Feb. 1939	Feb. 1938	Jan. 1939	Percent change	As of	
					February 1, 1939 from Feb. 1, 1938	Jan. 1, 1939 (000's)	
New England.....	163	62	61	68	+ 0.7	- 5.5	\$14,434
Electrical goods.....	35	70	67	73	- 3.8	- 14.1	1,462
Groceries and foods, except farm products.....	29	69	65	72	- 3.5	- 6.8	2,535
Industrial supplies**.....	14	56	50	56	+ 5.4	- 3.1	469
Plumbing and heating supplies.....	8	35	35	39	+ 6.8	- 2.1	330
Tobacco and its products.....	11	106	100	116	+ 1.2	- 2.8	973
Middle Atlantic.....	582	75	73	81	+ 0.3	- 4.1	50,382
Automotive supplies.....	23	47	48	49	+ 4.0	- 10.9	676
Paints and varnishes.....	5	21	23	23	0.0	+ 6.5	98
Clothing and furnishings, except shoes.....	21	43	40	48	- 11.0	+ 3.8	3,129
Shoes and other footwear.....	11	33	34	43	+ 16.4	+ 4.5	1,574
Drugs and drug sundries.....	9	60	57	62	+ 5.4	+ 1.3	2,639
Dry goods.....	46	46	42	51	+ 6.3	+ 2.8	4,786
Electrical goods.....	75	70	77	74	- 0.8	- 14.3	4,047
Farm products (consumer goods).....	14	159	158	162	- 24.5	- 13.2	551
Groceries and foods, except farm products.....	93	89	89	95	+ 0.3	- 0.2	8,458
Meats and meat products.....	17	161	155	165	+ 18.0	+ 1.1	2,448
General hardware.....	31	37	34	45	- 5.5	- 9.5	3,104
Heavy hardware.....	7	55	51	59	+ 4.2	+ 7.7	445
Industrial supplies**.....	31	56	60	56	- 2.3	- 3.2	1,553
Plumbing and heating supplies.....	49	44	47	45	+ 5.7	- 3.3	1,946
Jewelry and optical goods.....	15	24	20	32	- 20.5	- 37.9	715
Lumber and building materials.....	11	54	48	58	+ 12.4	- 9.2	804
Paper and its products.....	24	61	64	59	+ 7.8	0.0	2,006
Tobacco and its products.....	38	127	129	138	- 1.6	- 4.5	3,171
East North Central.....	489	66	62	70	- 1.9	- 7.7	36,834
Automotive supplies.....	44	61	55	66	+ 1.1	- 5.2	622
Paints and varnishes.....	13	16	18	16	+ 8.2	+ 2.4	435
Clothing and furnishings, except shoes.....	9	56	49	65	- 13.3	- 31.9	365
Drugs and drug sundries.....	10	75	72	81	+ 3.3	- 3.4	1,265
Dry goods.....	11	44	40	49	- 3.7	- 6.5	1,807
Electrical goods.....	56	59	53	61	- 2.6	- 8.0	4,588
Farm products (consumer goods).....	16	101	106	112	+ 7.3	+ 4.0	336
Groceries and foods, except farm products.....	98	85	83	91	- 4.1	+ 0.4	8,070
Meats and meat products.....	11	125	106	123	+ 2.5	+ 6.7	541
General hardware.....	19	45	42	51	- 3.6	- 6.7	4,542
Industrial supplies**.....	26	60	58	61	+ 7.4	- 2.8	1,796
Plumbing and heating supplies.....	21	55	53	60	+ 1.4	- 0.5	1,032
Jewelry and optical goods.....	14	26	24	54	- 10.7	- 51.1	1,695
Lumber and building materials.....	9	52	50	62	+ 7.7	- 3.2	491
Machinery, equipment and supplies, except electrical.....	18	65	67	65	- 15.2	+ 3.2	479
Surgical equipment and supplies.....	7	57	57	58	+ 13.9	+ 1.7	352
Metals.....	8	75	49	71	- 23.6	+ 4.0	604
Paper and its products.....	23	60	58	59	+ 2.3	+ 6.5	2,106
Tobacco and its products.....	28	113	110	114	+ 5.8	- 9.5	1,592
West North Central.....	206	72	69	81	+ 2.5	+ 3.7	30,889
Automotive supplies.....	18	50	51	51	+ 10.8	- 6.6	483
Clothing and furnishings, except shoes.....	7	31	36	40	- 4.4	- 14.8	241
Drugs and drug sundries.....	8	81	82	83	- 0.6	- 6.8	1,253
Dry goods.....	10	45	44	53	- 3.6	+ 1.1	3,198
Electrical goods.....	38	61	53	56	- 8.1	- 7.1	2,501
Furniture and house furnishings.....	8	55	52	55	+ 20.6	- 3.5	1,386
Groceries and foods, except farm products.....	91	100	99	108	- 0.5	+ 3.8	5,059
General hardware.....	13	43	41	49	- 1.5	+ 4.1	4,016
Heavy hardware.....	5	51	45	54	- 3.2	+ 2.2	92
Industrial supplies**.....	8	47	59	46	+ 53.4	- 9.8	296
Plumbing and heating supplies.....	11	47	42	48	+ 7.2	- 3.9	536
Jewelry and optical goods.....	6	34	29	61	- 9.3	- 42.2	196
Lumber and building materials.....	5	53	60	57	+ 14.2	- 2.8	377
Paper and its products.....	7	63	61	68	+ 6.1	+ 5.1	227
South Atlantic.....	272	63	64	67	+ 5.0	- 3.5	16,149
Drugs and drug sundries.....	8	94	90	95	+ 10.4	- 4.3	661
Dry goods.....	10	40	39	41	- 4.7	- 3.7	1,448
Electrical goods.....	43	69	76	66	+ 24.1	- 7.9	2,482
Farm products (consumer goods).....	15	118	124	125	+ 3.5	- 9.0	264
Groceries and foods, except farm products.....	77	94	93	96	- 1.5	- 0.6	2,771
General hardware.....	27	41	40	45	- 1.2	+ 1.0	3,177
Industrial supplies**.....	11	60	58	55	+ 16.0	- 0.9	428
Plumbing and heating supplies.....	20	50	49	51	+ 9.1	- 7.2	1,045
Paper and its products.....	8	56	57	57	+ 8.9	+ 4.0	490
Tobacco and its products.....	8	77	77	81	+ 10.7	- 5.5	518
East South Central.....	135	55	56	60	- 0.2	- 1.3	10,188
Drugs and drug sundries.....	5	55	50	58	- 2.2	+ 2.3	402
Dry goods.....	14	66	36	43	+ 0.7	- 2.2	1,818
Electrical goods.....	14	68	55	89	+ 2.0	+ 1.0	503
Groceries and foods, except farm products.....	44	84	88	89	- 7.5	+ 1.6	1,984
General hardware.....	13	45	45	47	+ 1.9	- 1.6	2,726
Industrial supplies**.....	7	55	50	58	+ 0.8	+ 3.4	367
West South Central.....	224	62	63	66	- 0.6	- 1.7	15,134
Drugs and drug sundries.....	9	70	70	73	+ 5.6	- 10.5	1,825
Dry goods.....	12	32	33	37	- 1.0	- 1.3	3,188
Electrical goods.....	21	66	65	69	- 19.7	- 4.1	535
Groceries and foods, except farm products.....	116	87	92	94	- 3.0	+ 1.1	4,991
General hardware.....	15	57	53	57	+ 4.3	+ 0.6	1,717
Machinery, equipment and supplies, except electrical.....	8	29	27	27	- 14.3	+ 2.6	1,022
Surgical equipment and supplies.....	5	51	53	49	+ 13.9	+ 3.8	82
Tobacco and its products.....	5	85	88	85	+ 8.8	- 34.4	124
Mountain.....	110	67	68	69	- 1.4	- 4.8	6,121
Automotive supplies.....	5	36	36	41	+ 12.1	+ 6.2	120
Electrical goods.....	13	64	70	63	+ 20.7	- 12.7	618
Groceries and foods, except farm products.....	33	89	86	92	- 8.6	- 0.4	1,586
General hardware.....	8	51	47	53	- 0.4	- 3.7	960
Pacific.....	312	76	72	77	- 4.9	- 7.3	25,423
Automotive supplies.....	52	83	80	78	+ 2.3	- 1.8	818
Shoes and other footwear.....	6	30	26	43	- 7.8	+ 4.2	321
Dry goods.....	17	54	54	56	+ 3.4	- 1.7	1,608
Electrical goods.....	33	72	63	77	- 7.6	- 10.1	2,742
Farm products (consumer goods).....	19	124	130	125	+ 9.1	- 1.2	742
Furniture and house furnishings.....	9	54	49	55	+ 3.9	+ 2.1	821
Groceries and foods, except farm products.....	41	103	105	109	- 3.1	+ 1.5	5,939
Meats and meat products.....	8	189	169	188	+ 9.2	- 2.9	533
Wines and spirituous liquors.....	9	78	89	80	+ 7.4	- 21.0	627
General hardware.....	18	48	45	54	- 3.1	- 1.3	4,574
Industrial supplies**.....	10	49	44	46	+ 22.5	+ 0.9	229
Plumbing and heating supplies.....	14	60	59	62	+ 11.0	+ 0.9	937
Lumber and building materials.....	9	57	63	62	+ 13.5	- 7.2	311
Machinery, equipment and supplies, except electrical.....	10	40	46	41	+ 8.2	+ 6.4	317
Surgical equipment and supplies.....	5	43	34	39	- 7.1	+ 1.1	182
Paper and its products.....	6	51	55	56	- 2.2	- 3.9	273
Tobacco and its products.....	13	97	97	98	+ 8.4	- 20.9	902

*Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.

**This heading also includes distributors of mill, mine and steam supplies.

STATES COMPRISING REGIONS: New England—(Conn., Me., Mass., N. H., R. I., Vt.); Middle Atlantic—(N. J., N. Y., Pa.); East North Central—(Ill., Ind., Mich., Ohio, Wisc.); West North Central—(Iowa, Kans., Minn., Mo., Nebr., N. Dak., S. Dak.); South Atlantic—(Del., D. C., Fla., Ga., Md., N. Car., S. Car., Va., W. Va.); East South Central—(Ala., Ky., Miss., Tenn.); West South Central—(Ark., La., Okla., Texas); Mountain—(Ariz., Colo., Idaho, Mont., Nev., N. Mex., Utah, Wyo.); Pacific—(Cal., Ore., Wash.).